



Executive Office of the President  
Office of National Drug Control Policy

# Report to Congress

VOLUME I

- United States and Mexico Counterdrug Cooperation
- Enhanced Multilateral Drug Control Cooperation
- Enhanced Truck Inspections

September 1997

*Executive Office of the President  
Office of National Drug Control Policy  
Washington, D.C.*

September 15, 1997

Dear Colleague:

Enclosed is Volume I of the Administration's report on key questions related to the entry of illegal drugs into the United States. The report is a comprehensive response to inquiries from Senators Feinstein and Coverdell as to progress made by Mexico in its efforts against illegal drug traffickers. In addition, this document contains a report on Enhanced Multilateral Drug Control Cooperation, which is an assessment of the prospects for a hemispheric alliance against illegal drugs. Finally, it contains a detailed discussion by Customs of enhanced truck inspections along the Southwest border. Volume II is classified, has very limited distribution, and includes sensitive material that further details U.S. and Mexican efforts to eliminate drug trafficking in our two nations.

Mexico has made significant strides in preparing the legal and institutional infrastructure to combat drug trafficking in a systematic manner. That approach, and the U.S. policy of cooperation with the government of Mexico as an equal partner in the struggle against illegal drugs, have created a better opportunity than we have heretofore seen to permanently reduce the flow of drugs from Mexico to the United States. Mexico has initiated fundamental reform of the governmental institutions essential to the destruction of major drug trafficking organizations. As a result we are seeing an end to impunity and the best opportunity yet for the destruction of major trafficking organizations

Reform has been and will continue to be painful, dangerous, and time consuming. Reform has exposed Mexico to detailed scrutiny in the international community, as the extent of drug corruption was made public with each new arrest. Nonetheless, President Zedillo has pursued a policy of investigation, arrest, and prosecution of corrupt public officials. In the past six months the United States and Mexico released a U.S. Mexico Bilateral Drug Threat Assessment, which represents the first time our two nations have jointly defined the drug threat. It will be followed in December by a U.S.- Mexican strategy for mutually reinforcing cooperative action against illegal drugs. Mexico created a Special Prosecutor's Office for Crimes Against Health (replacing the National Counter-Drug Institute (INCD) which had been compromised by General Gutierrez Rebollo and others). They have started a comprehensive vetting program which will be widely implemented in the Office of the Prosecutor General of the Republic (PGR). They have also passed new legislation which provides an expanded range of modern investigative and prosecutorial tools for use against drug traffickers. Our two governments are continuing and enhancing our efforts within the framework of our legal systems against the major trafficking organizations. We have established better communication and cooperation for the return of fugitives for trial, including approval of extradition of Mexican citizens on drug charges. The U.S. Government is confident that with the continuing support of Congress over the coming years our two nations can significantly reduce our common drug threat.

The Secretary of State's report on Enhanced Multilateral Drug Control Cooperation underscores our optimism that a basis for a hemispheric alliance against drugs can be put together. We favor establishment of such an alliance through further development of hemispheric drug

control standards and institutions, including better implementation of the follow-on mechanisms to the 1994 Summit of the Americas in Miami. The Narcotics Action Plan developed at that Summit recognized the need for a broad coordinated hemispheric strategy to reduce drug use and production, including new enforcement methods to disrupt trafficking and money laundering networks. At the 1995 Summit of the Americas Ministerial Conference on Money Laundering, in Buenos Aires, hemispheric leaders developed a plan of action that included legal, regulatory, and enforcement actions, and called for ongoing assessments of progress. In 1996 in Uruguay the nations of this hemisphere endorsed an Anti-Drug Strategy in the Hemisphere. In 1997, through the Organization of American States, Inter-American Drug Abuse Control Commission (OAS/CICAD) the same nations developed 40 action items for implementation of the strategy. As these international plans are put into effect, and if new elements of an alliance such as measures of effectiveness and institution of an evaluation process can be put in place, we expect to substantially increase cooperation and coordinated action against drugs in the hemisphere.

The Secretary of the Treasury's report by the United States Customs Service on the Feasibility of Enhanced Truck Inspections Along the Southwest Border outlines steps that are being taken to prevent drug trafficking through trucks and trailers. Over the past six years the number of trucks entering the United States has doubled to more than 3.3 million. A truck enters the U.S., on average, every five seconds each day of the year. In 1996, more than 25 percent of trucks entering the U.S. were inspected for drugs. As a result of improved inspection systems, drug seizures in commercial cargo have increased more than 600 percent since 1990. Our continuing capital improvements, infrastructure enhancements, and more comprehensive examination procedures promise more success in the future. The U.S. Customs Service will continue its integrated deployment of personnel and technology to defeat this drug trafficking threat.

All of us in the Administration appreciate your continued support of our efforts to shield America's air, land, and sea frontiers from the drug threat. We are committed to the development of regional multilateral initiatives to curtail drug production, trafficking, and abuse. We are also confident that the comprehensive, long-range 1997 National Drug Control Strategy which enjoys broad bipartisan support will accomplish its overall goal of significantly reducing both drug use and its consequences over the coming decade.

Sincerely,

Barry R. McCaffrey  
Director

**OFFICE OF NATIONAL DRUG  
CONTROL POLICY**

**Report to Congress  
September 1997**

**U.S. - MEXICO  
COUNTERDRUG COOPERATION**

## Introduction

In the highly interdependent and complex United States-Mexico bilateral relationship, the issue of narcotics trafficking stands out for its implications for both societies and immediate effects on the lives of ordinary citizens on both sides of the border. Illegal drug production, trafficking, and use produce crime, violence, corruption, and social decay on both sides of the Mexican-U.S. border. Over the past three years in particular, the U.S. and Mexico have laid the foundations for a cooperative relationship to battle this scourge. Both nations are committed at the highest levels to increasing cooperation and making further progress on specific goals. However, impediments to greater bilateral cooperation remain. Corruption and impunity in Mexico have not ended; counternarcotics resources are sometimes scarce; and historical factors still hinder cooperation at operational levels.

The U.S. and Mexico are linked by history, culture, and geography. About six million people living in the U.S. were born in Mexico, and several million American citizens -- nearly one in sixteen -- are of Mexican descent. More than one half million Americans live in Mexico. The busiest border in the world, stretching two thousand miles, connects our two nations. Each year more than 250 million people, 75 million cars, 3 million trucks, and almost five hundred thousand rail cars cross the border. The hundreds of millions of legal border crossings per year and the estimated four million or more illegal crossings per year demonstrate both the depth and intensity of our relationship, and the real problems that bilateral cooperation must address.

In 1994-1995, Mexico faced its worst financial crisis in the last 60 years. In 1995, the Mexican peso's value against the U.S. dollar was halved, interest rates soared above 80 per cent, official unemployment more than doubled, and Mexico's GDP contracted substantially. Thanks to solid macroeconomic discipline and the policy framework NAFTA helped lock in, Mexico's recovery from these difficulties has been much more rapid than expected. Inflation is under control, interest rates are falling, employment and consumer spending are turning upward, and GDP growth rates are approaching five percent. Our bilateral trade rose to nearly \$130 billion in 1996, and Mexico recently surpassed Japan as our second largest client for U.S. exports (after Canada). Our provision of \$13.5 billion in emergency loans and loan guarantees in the wake of the peso crisis was instrumental in bringing about this recovery. All those loans have now been repaid to the U.S. Treasury, with interest.

Mexico is in the process of a profound political transition, which will in the long-term assist in our joint accomplishment of the counternarcotics task. Over the next few years, the increasingly open and accountable government will strengthen the focus of Mexicans on the institutional renewal needed to combat the corrosive effects of drug trafficking and associated corruption. Already, there is wide agreement in Mexico on the profound threat posed by narcotics trafficking to Mexican institutions and society and the critical need to confront this threat. Mexico's democratic advances will help turn that wide agreement into concrete results.

Within the context of this profound economic and political change, the U.S. and Mexico have laid the foundation for unprecedented binational cooperation against our shared narcotics threat. President Clinton's visit to Mexico in May 1997 was pivotal in establishing this framework for cooperation embodied in the signing of the Declaration of the U.S.-Mexico Alliance Against Drugs. President Zedillo's determination after his 1994 election that narcotics trafficking poses the number one national security threat to Mexico prompted the Mexican Government to take new and important drug control measures, such as: the extradition of Mexican nationals; development of relations between the U.S. and Mexican militaries on the basis of counternarcotics cooperation; and joint actions against major trafficking organizations. The two governments have agreed on a joint threat assessment, issued on the occasion of President Clinton's visit to Mexico in May, and are now at work on a joint strategy to address this threat.

However, laying a foundation is not the same as constructing an edifice. Our day-to-day interactions with Mexico in the common fight against drugs represent our steady building of that edifice. In certain areas, cooperation is proceeding smoothly. For example, Mexico has criminalized money laundering and is working with relevant U.S. agencies to ensure that new laws are capably enforced. Mexico has facilitated procedures to authorize counterdrug overflight and refueling, and we are jointly exploring enhanced counterdrug coordination at sea. Effective binational intelligence sharing and operational coordination halted the use of large cargo airplanes to ship cocaine from Colombia to the U.S. - Mexico border region and onward into the U.S. Mexico has invited U.S. technical support in its effort to strengthen its counterdrug institutions and is beginning the complex process of restructuring the country's judicial infrastructure. A classified annex to this report will detail further sensitive areas of cooperation that are yielding results.

In other areas, our cooperation is moving more slowly. Certain law enforcement cooperation is constrained by a lack of mutual confidence and understandable political sensitivity to cross-border cooperation. Mexico's law enforcement institutions are afflicted by corruption and in some instances have been penetrated by the very cartels they seek to target. Extraditions of Mexican nationals on narcotics-related charges remain difficult, and not in step with comparable U.S. extraditions to Mexico. However, cooperation in extradition should improve. In the Declaration of the U.S.-Mexico Alliance Against Drugs, both nations agreed to negotiate a protocol to our bilateral extradition treaty which would allow temporary surrender of suspects for trial in one country when charges are pending in the other.

The Administration is convinced that the most effective approach to combating narcotics trafficking is through a highly collaborative relationship with the Mexican Government and the Mexican and U.S. publics. The following report will review our progress in pursuing such an approach over the past three years, focussing on the major areas of our counternarcotics agenda. Through meetings of the High Level Contact Group, various technical meetings on law enforcement and narcotics issues, the preparation of our binational counternarcotics strategy, and our follow-through on the Declaration of the U.S.-Mexico Alliance Against Drugs, we are maintaining steady, high-level attention to the vital issue of combating narcotics.

## **I. Government to Government Relations and Priority for Drug Control Issues**

### Shared Objectives

Since the formation of the United States-Mexico High Level Contact Group for Drug Control in March 1996, and President Zedillo's declaration that drug trafficking is the main threat to Mexico's national security, Mexico and the United States have worked more closely to coordinate counterdrug policy and elevate the priority of drug control issues. The U.S. and Mexico reached agreement on the nature of the drug threat to our two societies in the United States-Mexico Bilateral Drug Threat Assessment published in May 1997. Our next step is to develop a common strategy to be completed this year. Increasing counterdrug cooperation was formalized as Presidents Clinton and Zedillo also issued in May the Declaration of the U.S.-Mexico Alliance Against Drugs in Mexico City. The Alliance established counterdrug objectives and committed both nations to sixteen specific counterdrug goals. These goals include improving the capacity to interrupt drug shipments by air, land, and sea; combating corruption; enhancing cooperation along both sides of the common border; and better information sharing and coordination between our counterdrug forces which will lead to a reduction in the production and distribution of illegal drugs in both countries.

### Mexican Will and Broad Reform

As Table 1 below demonstrates, during the Zedillo Administration Mexico has made substantial progress in reorienting its priorities, policies, and institutions to enhance cooperation with the U.S. against drug trafficking. Eradication and seizure statistics, while not absolute measures of political will or operational effectiveness, are nonetheless valid indicators of a government's commitment to fighting drugs. In each year since 1994, Mexico has increased the quantity of illegal drugs seized and led the world in destruction of illegal drug crops. More importantly, the Government of Mexico (GOM) has recognized the magnitude of the drug trafficking threat it faces, and has mobilized the resources of society as never before to confront that threat. Central to this effort is the increased GOM cooperation with the United States Government (USG) and the major effort to reform government institutions which previously proved inadequate to control drug traffickers.

Notwithstanding the goodwill and determination of both governments, there are still obstacles to both bilateral cooperation and institutional reform which must be addressed. Mexican counterdrug authorities face an uphill struggle against widespread corruption. Drug trafficking criminals use their immense wealth, power, and capacity for violence to bribe or otherwise neutralize the effectiveness of law enforcement and other government officials. Corruption, despite Mexican efforts to combat it, remains a significant impediment to making further headway against powerful trafficking organizations.

In a significant departure from the past, Mexico increasingly recognizes the dimensions of the problem of corruption and is determined at the highest levels of government to confront it.

President Zedillo has acknowledged that corruption is deeply rooted in Mexican institutions and society. He has demanded that the creation of a new culture of respect for law start with public officials and confirmed the determination of his Administration to combat and eventually eliminate official corruption. Attorney General Jorge Madrazo, in an appearance before Mexico's new Congress on September 10, told the legislators that organized crime is overwhelming the nation's police forces, and urged federal and state officials and the public to unite in efforts against crime and corruption.

The Zedillo Administration's commitment to root out corruption has had traumatic but potentially far-reaching consequences for Mexico. In February, General Jesus Gutierrez Rebollo, the military officer appointed as Commissioner of the National Counternarcotics Institute (INCD) in December 1996, was arrested on narco-corruption charges. Subsequently, President Zedillo launched extensive restructuring of Mexico's drug law enforcement organizations. The INCD was dissolved and the Special Prosecutor's Office for Crimes Against Health (FEADS) was created as the first phase of a comprehensive GOM strategy to reform the entire Office of the Attorney General (PGR). The GOM is attempting to rebuild its critical drug law enforcement institutions from the bottom up. The Gutierrez Rebollo case, and other highly publicized cases involving law enforcement, military and other government officials, underscore an invigorated GOM policy of openly attacking corruption.

Mexico's most significant longer-term achievement may be in the area of legal reform. Legislative change to Mexico's Penal Code for the first time criminalizes money laundering. The new Organized Crime Law provides Mexico with a new arsenal of investigative and prosecutorial tools, including electronic surveillance, undercover operations, witness protection, plea bargaining, and prosecution for criminal association. This new legislation also permits the seizure and forfeiture of assets used in illicit activities.

In the last six months, the positive trends of the Zedillo Administration have continued as Mexico has begun to implement the anti-crime and money laundering laws and regulations adopted earlier. As the GOM constructs a new law enforcement apparatus under institutional reform, it is increasing its cooperation with the United States on information sharing, training and exchange of expertise, and assistance with technology and equipment.

Table 1. Changes in U.S. - Mexico Counterdrug Cooperation (1995 to Present)

| <b>Prior to January 1995</b>  | <b>Since January 1995</b>  |
|---|--|
| <p>No extraditions of Mexican citizens to the United States.</p> <p>No "temporary" extradition of fugitives to the receiving country for trial prior to completion of any sentence in the sending country.</p> <p>Limited consultations regarding priorities for extradition requests and progress on outstanding requests.</p> <p>No legal authority to employ modern law enforcement techniques used by the U.S. and other countries to combat organized crime. Organized Crime Unit, Bilateral Border Task Forces did not exist.</p> | <p>One solely Mexican citizen extradited.</p> <p>Two fugitives whom the GOM recognized as its citizens extradited to the United States on drug charges. The fugitives also possessed U.S. citizenship. (Mexican citizenship acquired by marriage).</p> <p>Four Mexican nationals found extraditable by GOM, two on drug charges. Surrender delayed because of appeals or service of Mexican sentence.</p> <p>Presidents agree to negotiate a protocol to the U.S./Mexico extradition agreement to permit "temporary" extraditions. Follow-up meeting to discuss draft protocol held in August 1997.</p> <p>Substantial discussion of extradition priorities, technical questions through the U.S./Mexico Senior Law Enforcement Plenary and the High Level Contact Group.</p> <p>Organized Crime law enacted.</p> <p>Organized Crime Unit established.</p> <p>Personnel for Bilateral Border Task Forces identified by GOM.</p> <p>Training in the U.S. completed or underway for first vetted task force members.</p> |

|  |  |
|--|--|
| <p>Money laundering not a crime; only a Fiscal Code violation. No mandatory reporting or record keeping requirements for financial institutions.</p> <p>Military to military relations virtually non-existent.</p> <p>Overflight, refuel, and overnight stay for USG ships and aircraft in support of counterdrug missions require 30-day advance request and diplomatic clearance.</p> <p>“Mexicanization.” Mexico would not accept U.S. equipment to assist in counterdrug operations. Mexico strictly limited the number and activities of U.S. law enforcement agents. Capacity for effective action diminished.</p> | <p>Money laundering criminalized, enhancing penalties. Regulations mandating reporting and record keeping adopted and being phased in. Financial Intelligence Unit established. PGR and Hacienda beginning to work more closely together.</p> <p>Bilateral working group for military issues formed following the visit of Secretary of Defense William Perry, to include cooperation on counterdrug issues.</p> <p>Training underway or completed for GOM special support units for counterdrug operations, and Mexican Navy counterdrug forces.</p> <p>Coincidental maritime operations conducted between the U.S. Coast Guard and Mexican Navy. Procedure established for communications link and information sharing.</p> <p>Standard operating procedures agreed upon for permission to enter into Mexican territory to conclude detection and monitoring missions. Flexible refueling and overnight stay procedures formalized.</p> <p>48 UH-1H helicopters and a spare parts package delivered from U.S. to Mexico. Additional helicopters authorized for delivery. Will be used for mobility for manual drug eradication and to move troops to support police in operations against dangerous and violent major traffickers.</p> <p>Additional 12 resident U.S. law enforcement agents approved; consular immunity agreed to for 22 more for Border Task Forces.</p> |
|--|--|

|  |   |
|--|---|
| <p>U.S. and Mexico prepared national drug strategies, coordinated only in limited programmatic ways. U.S. Embassy prepared annual plan on how USG would support Mexico's national strategy, in keeping with U.S. national policy and guidance from Washington.</p> | <p>Counterdrug strategy coordinated at high levels in the U.S. and Mexico. Certification process continues, in addition to High Level Contact Group threat assessment and common strategy development and implementation; Law Enforcement Plenary for cooperation and evaluation.</p> |
| <p>Corruption widespread, largely unimpeded.</p>   | <p>Corruption widespread, major investigations and prosecutions underway. Large number of dismissals. New processes in Mexico for screening personnel.</p>  |
| <p>Drug violence limited to remote areas and between trafficking groups.</p>   | <p>Increased drug violence in urban and tourist areas; increased threat to law enforcement officers, reporters, government officials, and bystanders. Increased brutality, torture, killings.</p>   |
| <p>Major traffickers act with impunity, frequently appeared in public.</p>   | <p>Major traffickers take extreme measures for their own safety and operational security, engage in more frequent violence against law enforcement and rival traffickers. Many have gone into hiding.</p>   |

Eradication and Seizures

As indicated in Table 2, Mexico is on pace to match its 1996 eradication campaign which resulted in a record of more than 37,000 hectares of illicit drug crops destroyed. In the first eight months of 1997, Mexico reports eradicating 12,706 hectares of opium poppy and 10,756 hectares of marijuana. Mexico has already seized more cocaine in eight months of 1997 than in all of either 1995 or 1996.

Table 2. Eradication and Seizure Results Reported by Mexico  
(1995 to Present)

| <b>Seizures</b>    | <b>Jan-Aug 1997</b> | <b>All 1996</b> | <b>All 1995</b> |
|--------------------|---------------------|-----------------|-----------------|
| Cocaine            | 29.3 MT             | 23.8 MT         | 22.2 MT         |
| Opium Gum          | .139 MT             | .19 MT          | .22 MT          |
| Heroin             | .064 MT             | .363 MT         | .203 MT         |
| Marijuana          | 600.3 MT            | 1,015 MT        | 780 MT          |
| Meth               | .019 MT             | .17 MT          | N/A             |
| Ephedrine          | .352 MT             | 6.7 MT          | 4.9 MT          |
| Illicit drug labs  | 4                   | 20              | 9               |
|                    |                     |                 |                 |
| <b>Arrests</b>     | <b>Jan-Aug 1997</b> | <b>All 1996</b> | <b>All 1995</b> |
| Nationals          | 6,511               | 11,076          | 9,728           |
| Foreigners         | 111                 | 207             | 173             |
| Total              | 6,622               | 11,283          | 9,901           |
|                    |                     |                 |                 |
| <b>Eradication</b> | <b>Jan-Aug 1997</b> | <b>All 1996</b> | <b>All 1995</b> |
| Opium              | 12,706 ha           | 14,671 ha       | 15,389 ha       |
| Marijuana          | 10,756 ha           | 22,769 ha       | 21,573 ha       |
|                    |                     |                 |                 |

Tables 3 through 7 provide graphic depictions of the data listed above.

# Opium Annual Eradication

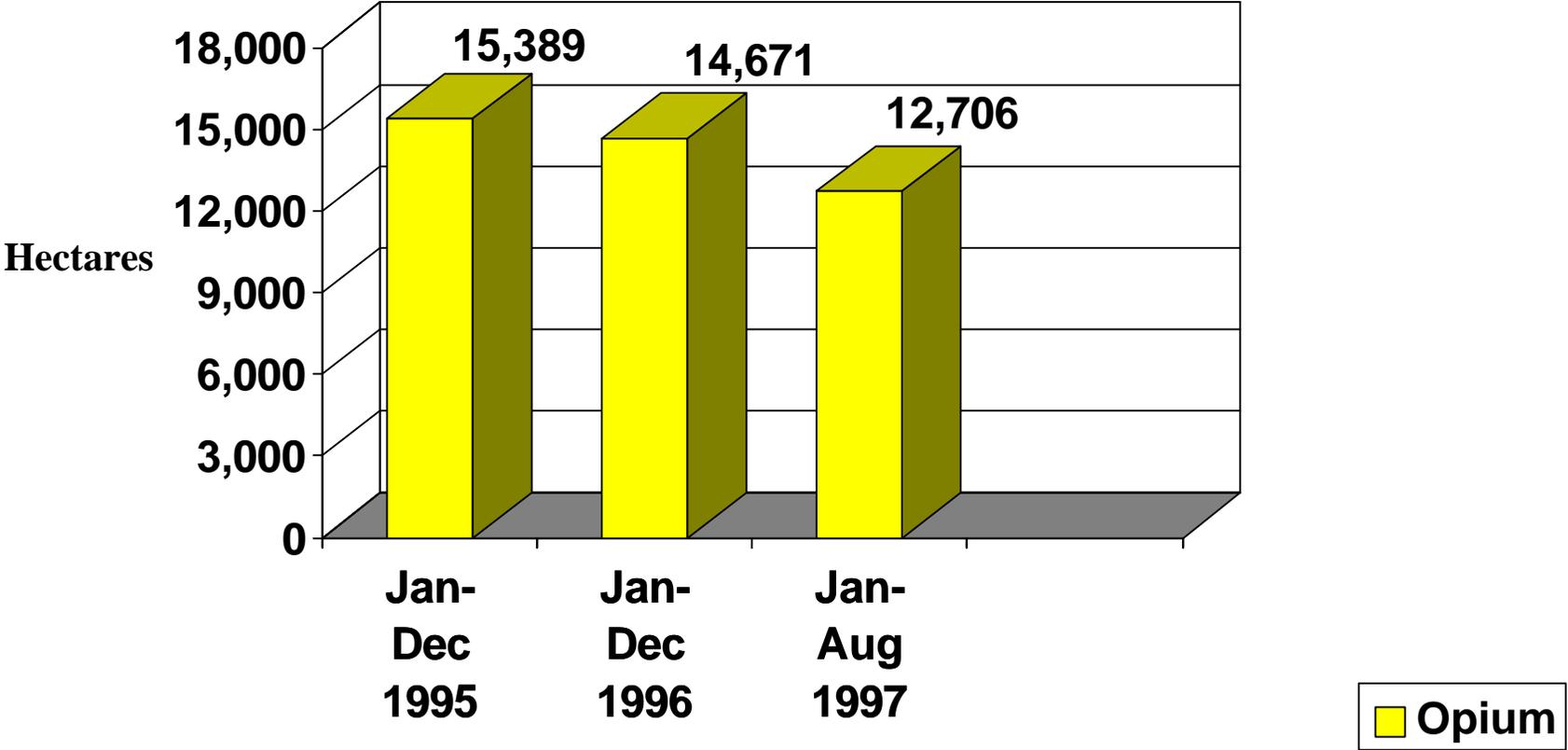


Table 3

# Marijuana Annual Eradication

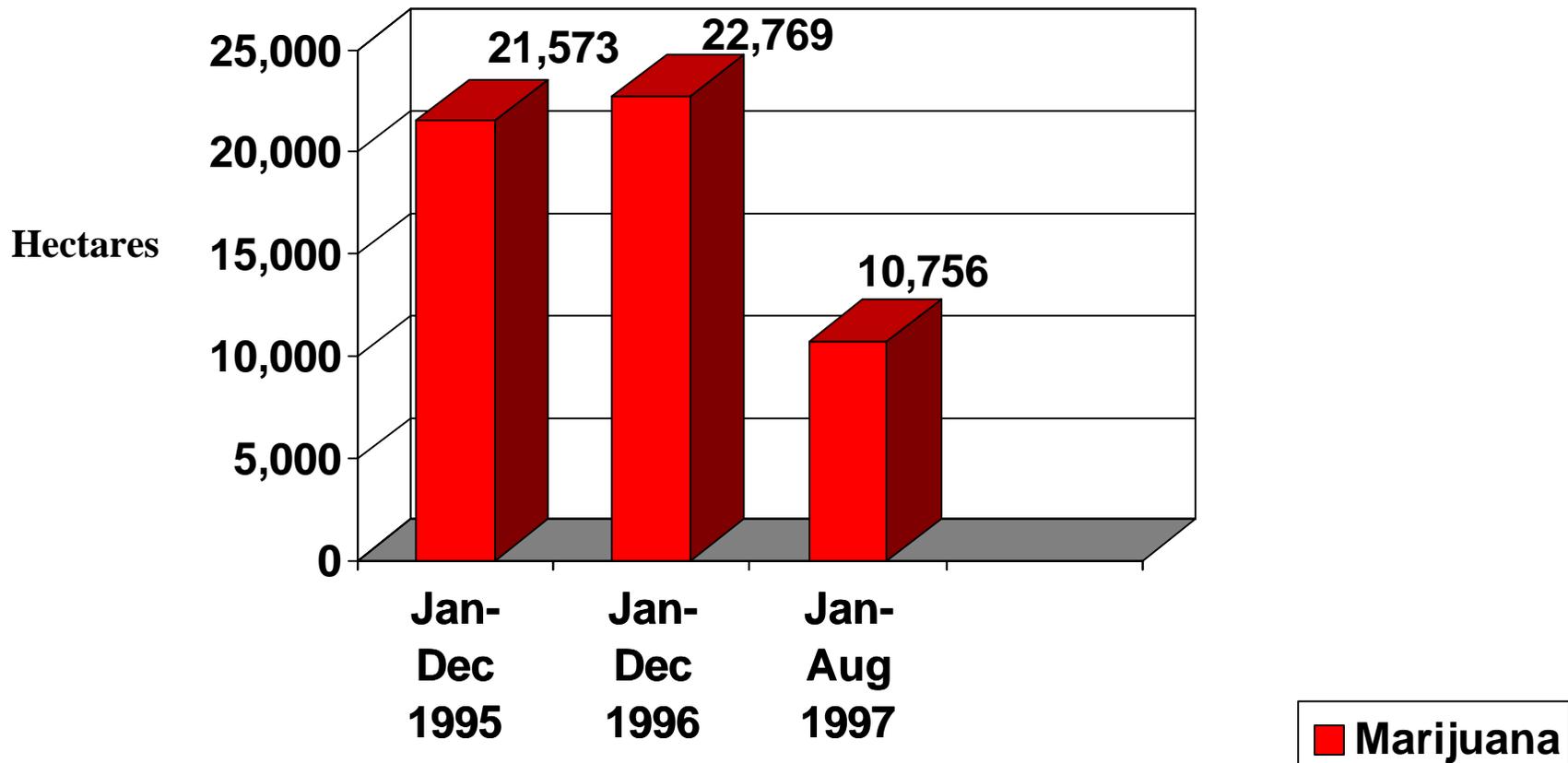


Table 4

# Cocaine Annual Seizures

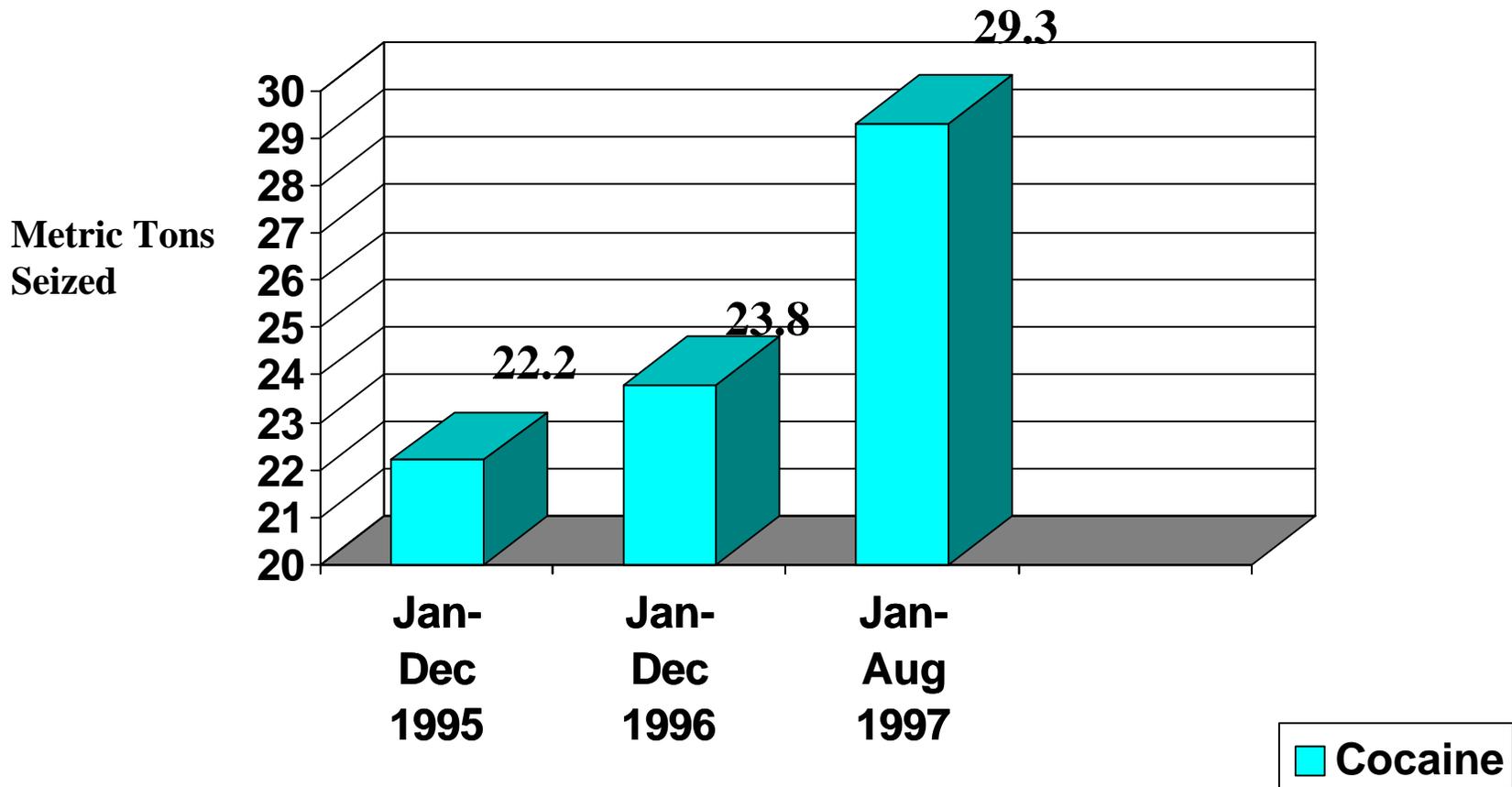


Table 5

# Marijuana Annual Seizures

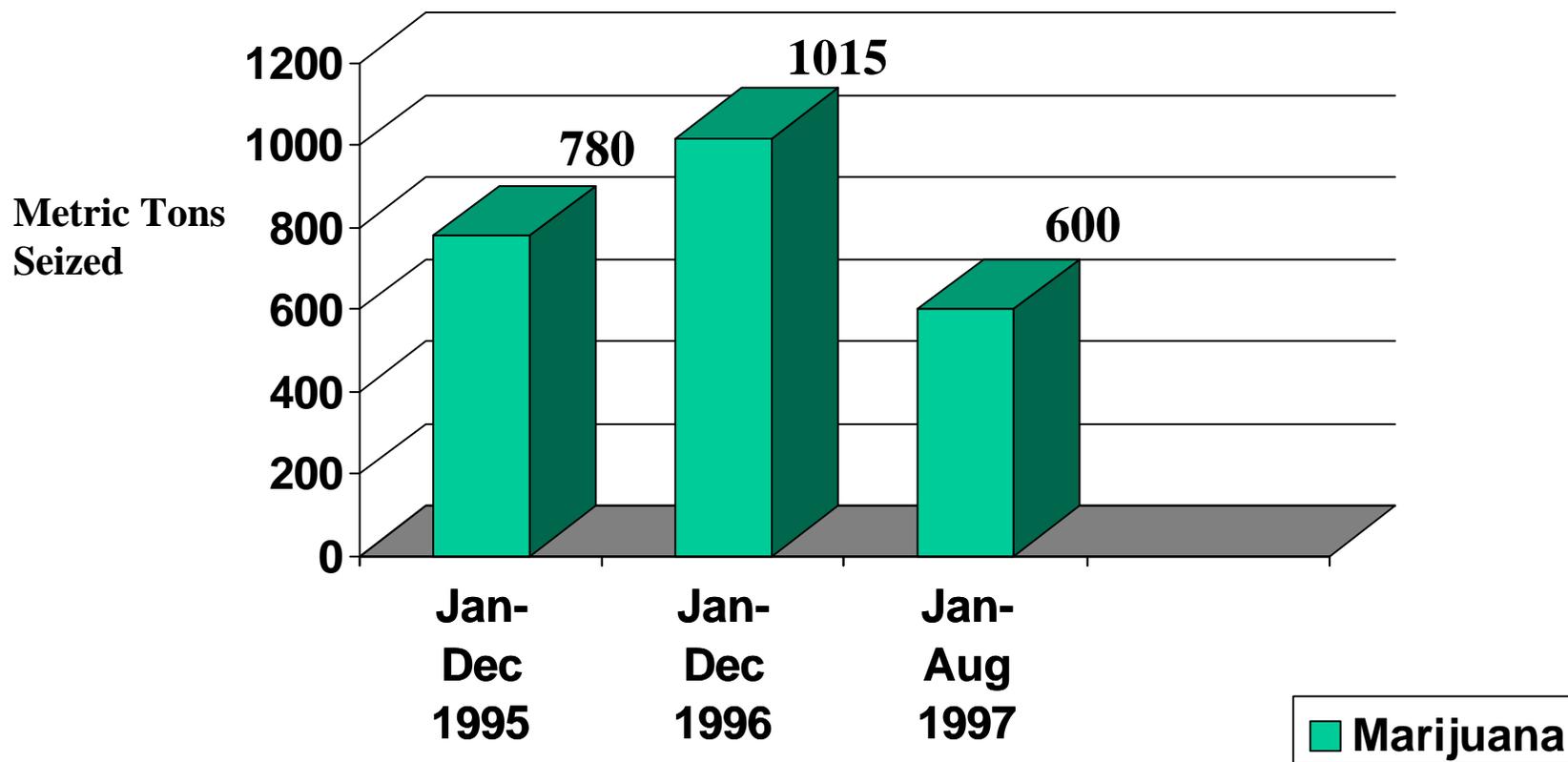


Table 6

# Opium, Heroin, and Meth Annual Seizures

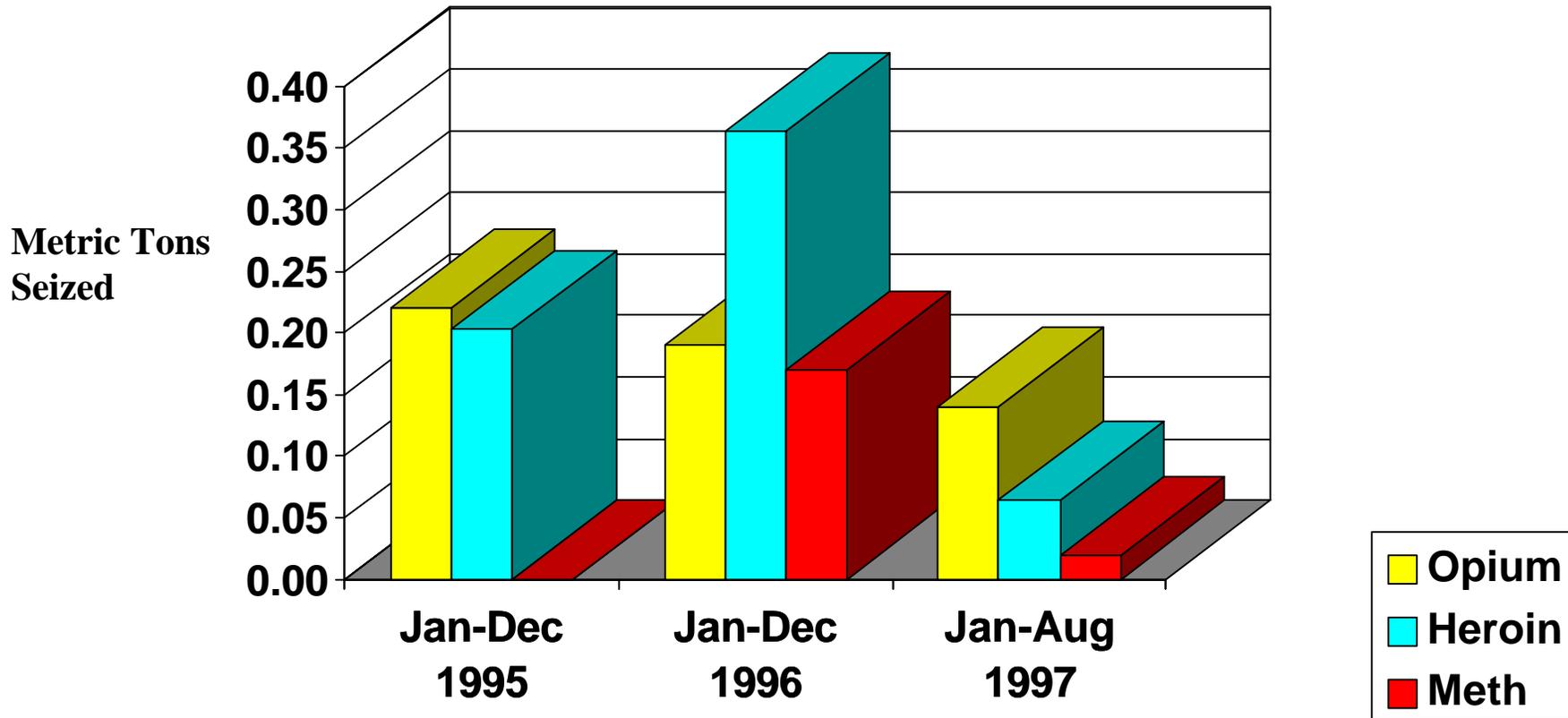


Table 7

## **II. Institutional Counterdrug Cooperation**

Institutional cooperation between United States and Mexican government agencies on counterdrug activities improved measurably in 1996 and has continued to improve in 1997. In 1996-1997, Mexican law enforcement institutions were rocked by revelations about the degree to which drug traffickers had penetrated the organizations, and underwent rapid personnel turnover. In the last six months, Mexican institutional reforms have gone far to stabilize the situation and create the basis for law enforcement cooperation in an atmosphere of trust. Nonetheless, there is still room for greater law enforcement cooperation. The final result of institutional reforms will not be known for some time.

The U.S.-Mexico High Level Contact Group (HLCG) established in 1996 continues to provide an effective cabinet-level forum for ensuring counterdrug policy coordination at the national level and developing a Joint U.S.-Mexico Counterdrug Strategy, as directed by the Presidents of both countries in May. The process of developing the joint strategy has led to a greater mutual understanding of national capabilities and limitations and has provided the impetus for enhancement and integration of ongoing cooperative efforts across a broad spectrum of activities.

Advances in information sharing continue through increases in the amount and kinds of information exchanged and the establishment of new fora and mechanisms for exchange. U.S. and Mexican organizations involved in the reduction of drug use and in drug law enforcement and interdiction have strengthened their working relationships. While U.S.-Mexican law enforcement cooperation has not yet reached desired levels, there has been progress. For example, the U.S. and Mexico have been developing new ways to improve the use of the Mutual Legal Assistance Treaty (MLAT) in conjunction with their respective domestic laws -- particularly Mexico's Organized Crime Law -- to increase effectiveness in fashioning stronger cases against individuals involved in transborder narcotics trafficking and related crimes. Specifically, as an incentive for Mexican prisoners to appear as witnesses in U.S. proceedings (as required by the MLAT) Mexican authorities have recently agreed to use the Organized Crime Law to seek a reduction in a witness' Mexican sentence based upon full and truthful cooperation with U.S. and Mexican prosecutors and investigators. Success in this first initiative should pave the way for similar exchanges of witnesses in the future.

### **Strengthened Working Relationship Between Law Enforcement Organizations**

The United States and Mexico have established a multi-tiered structure for cooperation on law enforcement matters. The HLCG provides a policy framework for joint counternarcotics cooperation. A working group of the U.S.-Mexico Binational Commission meets regularly to address a full range of law enforcement issues. Closer to the operational level, the Senior Law Enforcement Plenary Group, chaired by a U.S. Deputy Assistant Attorney General and the Mexican Deputy Attorney General, meets about three times a year to focus in greater detail on a range of law enforcement issues -- primarily, operational matters related to drugs. Senior Law Enforcement Plenary meetings in March and August 1997 provided useful platforms for both frank discussion and progress toward resolution of bilateral counterdrug issues.

Much of the substantive work and progress overseen by these groups is accomplished by technical working or consultative groups, which cover specific areas such as money laundering, chemical control, demand reduction, prisoner transfer, extradition, and mutual legal assistance. The working groups meet about four times each year, most recently in June-July 1997, to exchange information on laws and regulations, discuss procedures and problems, plan joint strategies, promote expanded information sharing, and organize training. These continual exchanges also serve to reinforce our mutual counternarcotics commitments and to help enforce agreed deadlines.

The Bilateral Chemical Control Working Group illustrates the work of such groups: it has fostered greater cooperation on investigation of significant cases in each country; overseen two training sessions for Mexican law enforcement and regulatory officials; actively pursued chemical control initiatives; hosted a visit by a Mexican team to observe the U.S. system of chemical regulation and enforcement; provided U.S. officials with a better understanding of Mexican controls and helped tighten controls of chemical shipments between the two countries; and improved the systems of information exchange between the U.S. and Mexico.

#### Operational-Level Law Enforcement Cooperation

The prospects for cooperation between U.S. and Mexican law enforcement entities were greatly enhanced by the passage of the Mexican Organized Crime law in November 1996. The law (discussed in more detail in Chapter III) provides Mexican law enforcement officials with new investigative authorities more closely aligned with those employed by U.S. agencies. This law, and the restructuring of the PGR counterdrug law enforcement apparatus into specialized and vetted units, offers significant potential for enhanced bilateral counterdrug cooperation.

#### Organized Crime Unit

The Organized Crime Unit (OCU) of Mexico's PGR was formed on February 1, 1997 under the provisions of the Organized Crime Law. The OCU is tasked with conducting investigations and prosecutions aimed at criminal organizations, principally those involved in drug trafficking. As part of the reorganization announced by Attorney General Jorge Madrazo on April 30, the OCU was designated as one of the specialized units to be staffed by completely vetted individuals. The GOM reports that there are currently 77 prosecutors, investigators, and other personnel assigned to the OCU, which will eventually consist of 307 fully vetted and trained personnel.

DEA Mexico has had an excellent working relationship with the OCU, and OCU response to sensitive U.S.-provided information has been timely and effective. U.S. law enforcement is confident that the effectiveness of the unit and its working relationship with the U.S. agencies will be enhanced when the process of vetting and training OCU personnel is complete. As noted in the discussion of the Organized Crime Law in Chapter III, to be completely effective, the OCU and other specialized vetted units must adopt appropriate implementing procedures and guidelines for their new evidence gathering authorities.

### Construction of Bilateral Border Task Forces (BTFs)

BTFs are bilateral drug law enforcement units established along the U.S.-Mexico border by a 1996 Memorandum of Understanding. The BTFs were designed to be the key units and cornerstone for U.S.-Mexico cooperative enforcement efforts targeting the major drug trafficking organizations along the border. Reflecting some administrative and operational problems, the BTFs are among the first PGR units to undergo vetting and reorganization.

The GOM has agreed to provide official-acts immunity to U.S. participants in the BTFs. The safety and security of U.S. personnel in this and other counternarcotics related cooperative activities in Mexico is a matter of primary concern to the Administration. The U.S. and Mexican Governments are agreed on the importance of ensuring the safety of our respective law enforcement officers.

The Zedillo Administration's drive for far-reaching institutional reform has also affected Mexican participation in the BTFs. In April, Mexican Attorney General Jorge Madrazo and Special Prosecutor Mariano Herran announced that personnel of the BTFs would be replaced by the top graduates of the May 1997 PGR Academy class, who would be properly vetted. The GOM initiated establishment of these special vetted units, but actions since the restructuring began in May have been limited to organizational activities as the new personnel are screened and trained. In addition, the full complement of U.S. personnel has not joined the groups for security reasons.

In July, the GOM formally authorized an increase in the number of U.S. law enforcement personnel assigned to Mexico, adding six DEA and six FBI Special Agents to support U.S. investigations and work with Mexican counterparts. Several of those resident agents will be assigned as liaison with the BTFs.

### Investigation and Dismantlement of Major Drug Organizations

The Governments of Mexico and the United States are cooperating on several levels to investigate and dismantle major drug trafficking organizations. To better focus bilateral law enforcement efforts, the U.S. and Mexico have recently refined the target list of principal drug trafficking organizations. In this regard, the U.S.-Mexico Bilateral Drug Threat Assessment provided a joint analysis of the drug threat as the basis for a cooperative strategy. The study catalogued the principal transnational drug trafficking organizations, their leadership, their principal areas of operation, and their operating methods. Two of the polydrug trafficking organizations listed in the study, the Amado Carrillo Fuentes Organization and the Arellano Felix Organization, are responsible for transporting large quantities of drugs into the U.S., and wield considerable influence on both sides of the border. A third group, the Amezcua Organization, has been identified as the top methamphetamine trafficking organization in Mexico. The following is a summary of current law enforcement activities against these organizations. Despite some near misses against Amado Carrillo Fuentes prior to his death, and the arrests of Oscar Malherbe and Jaime Ladino, law enforcement have not arrested and prosecuted the kingpins of these major drug trafficking organizations.

### Amado Carrillo Fuentes Organization

Prior to the unexpected death of Amado Carrillo Fuentes, the GOM intensified its efforts to locate and apprehend him and members of his organization. Numerous arrests were made and search warrants executed in the process. Among those arrested were military and former law enforcement officials suspected of collaborating with Carrillo Fuentes. Heightened bilateral enforcement efforts put Carrillo Fuentes under intense pressure just before his death. He spent much of his time eluding the authorities and attempting to disguise his identity.

Following Carrillo Fuentes' death, the GOM acted on information indicating that his organization had widely penetrated Mexican military and law enforcement institutions, resulting in a number of current investigations. Several Mexican military officials have been arrested by military authorities and charged with corruption-related offenses, such as allegations of accepting substantial bribes from the Carrillo Fuentes Organization. Additional military officers have been identified for disciplinary action because of their narcotics ties.

Although the full impact of Carrillo Fuentes' death on the Organization is not yet clear, it appears that his demise has caused substantial internal disruptions. The U.S. and Mexican Governments continue to work together to utilize this opportunity to fully dismantle the Carrillo Fuentes Organization while it is vulnerable.

### Arellano Felix Organization

The Arellano Felix Organization (AFO) is directed by three extremely violent and dangerous brothers. Operating out of Tijuana, the AFO transports illicit drugs into the southwestern part of the United States -- primarily southern California.

Despite the high profile status of this major trafficking organization, none of its senior members has been arrested. The AFO is alleged to have been responsible for the death of a Roman Catholic Cardinal and the assassination in Mexico of law enforcement officials and individuals cooperating with U.S. and Mexican authorities. Further, the AFO has issued death threats and otherwise sought to intimidate law enforcement authorities in Mexico and the United States. The violence and intimidation plaguing areas in Mexico controlled by the Arellano Felix Organization thus spill across the border into southern California and beyond.

Mexican and U.S. authorities are working together in innovative ways against this shared threat, including exchanging and sharing witnesses critical to investigations and prosecutions in the U.S. and Mexico.

### Amezcuca Organization

The Governments of Mexico and the United States have actively focused law enforcement task force efforts against the Amezcua brothers, a significant Mexico-based methamphetamine

trafficking organization which also has extensive U.S. operations. To assist in dismantling the Amezcua Organization, the U.S. has encouraged the GOM to focus on methamphetamine and chemical control both in the interior of Mexico and along the U.S.-Mexican border. The GOM has not yet taken full advantage of the evidence-gathering tools provided in the new Organized Crime Law to investigate and bring successful prosecutions against the Amezcuas and the other major trafficking groups.

### **Counterdrug Institution Building: Training**

Both nations agree that training will play a crucial role in rebuilding Mexico's drug law enforcement institutions. Cooperative training could be critical to the success of President Zedillo's reforms. Training is a particularly important aspect of strengthening law enforcement cooperation, having great potential for near-term positive results. At the May meeting of Presidents in Mexico City, the U.S. and Mexico agreed to broaden Mexico's efforts to strengthen the core training and professionalism of Mexico's federal police and prosecutors. The two governments have focused their immediate attention on training and equipping specialized anti-crime units such as the Organized Crime Unit, the bilateral Border Task Forces, and a Financial Intelligence Unit. Programs for longer-range training and exchanges for other critical parts of the justice system have also been initiated.

#### Law Enforcement Training

At the operational level, combined training for the OCU and BTFs has already begun. Thirty-nine fully-vetted Mexican agents, 29 BTF officers and 10 OCU officers, attended a four-week advanced training program in the U.S. sponsored by DEA, FBI, the Department of Justice's Criminal Division, and the Department of the Treasury. DEA and FBI agents resident in Mexico attended the training with their Mexican counterparts.

This initial class, which was completed in August 1997, studied a variety of topics designed to enhance their investigative and technical skills, familiarize them with the law enforcement approaches and techniques authorized by Mexico's new Organized Crime Law, and to cement working relationships with U.S. counterparts. Instruction included such subjects as intelligence analysis; telephone toll charting techniques; financial investigations and analysis; interview and interrogation techniques; and legal issues regarding informants and electronic surveillance. This training cycle will be repeated as additional Mexican officers are vetted and appointed to their new law enforcement positions.

In other training activities in FY 97, USCS and the Bureau of Alcohol Tobacco and Firearms (ATF) jointly provided training in Washington and Mexico City to 40 Mexican officials from 11 different agencies in the investigation of firearms trafficking offenses. Additional training under this program was given to Mexican policy-makers in Miami in August 1997. Training plans for FY 1998 are currently being developed.

The Internal Revenue Service Criminal Investigation Division (IRS-CI) continues to provide in-depth, expert training for Mexico's criminal investigators and prosecutors responsible for the enforcement of Mexico's new financial crime and money laundering laws. The IRS-CI Attache in Mexico City also provided technical input to Mexican officials who drafted the money laundering and asset forfeiture laws and regulations which were enacted by Mexico.

In November 1996, IRS-CI personnel, along with personnel from Treasury's Financial Crimes Enforcement Network (FinCEN), provided training in processing and analyzing Suspicious Activities Reporting (SAR) to investigators and prosecutors from the Mexican Treasury (Hacienda), PGR, and officials from the Mexican National Banking and Securities Commission. In December 1996, IRS-CI personnel from the Southwest Border states provided a Money Laundering/Financial Investigative Techniques Course to investigators from Hacienda and PGR, as well as Mexican Customs officials and the National Banking and Securities Commission. These two courses marked the first time that members of the Hacienda and PGR participated in joint training to coordinate and maximize the effectiveness of the new anti-money laundering legislation.

Mexico also participated in an IRS-CI/State Department regional money laundering seminar held in El Salvador in February 1997. The focus of the seminar was to establish an awareness of the overall threat of money laundering and its impact on the region and to foster an atmosphere of cooperation and exchange among the countries involved in the seminar in a joint effort to combat global money laundering.

### Justice Sector Training

Effective training programs will also be critical to the success of the Zedillo Administration's efforts to strengthen justice sector institutions. Both governments are cooperating to develop a project which provides technical assistance and training to the PGR -- focusing on its academies responsible for training federal police and prosecutors -- in a range of areas. These include strategic planning, instructor training and curriculum development, resource and personnel management, career development, policy and procedure development, and recruitment and selection. Strengthening and modernizing key Mexican training institutions are particularly important to support Mexico's efforts to improve the core training and professionalism of Mexico's federal police and prosecutors, and to long-term strength of the justice sector.

The proposed training program will involve the review and analysis of existing academy training curricula to determine the need for modifications and enhancements in areas such as investigative techniques, development of evidence, case management, and presentation of cases for prosecution. In addition, assistance would be provided to develop a more focused and practical training methodology to enhance technical skills as well as legal knowledge with the goal of preparing more effective police and prosecutors. Training would be offered to a select group of academy instructors to increase the instructional capability of the academies. Finally, assistance would be offered in the area of academy administration.

The proposed training project will be implemented mainly by the U.S. Departments of State and Justice, and the U.S. Embassy working in conjunction with the PGR. During a July 1997 consultation trip, the initial PGR reaction to the proposal was favorable.

The U.S. Agency for International Development (USAID) has also initiated a U.S.-Mexico Judicial Exchange Program, the first meeting of which took place August 17-20 in Mexico City. The program has established a two-year schedule of bilateral seminars and conferences on judicial themes, including organization and administration of court systems, court information management systems, organized crime, extradition procedures, and rules of evidence.

#### Military-to-Military Relations: Training and Equipping to Enhance Interdiction

Given President Zedillo's decision to temporarily expand the role of the Mexican military in counterdrug missions, development of effective military counterdrug capabilities is essential. The two governments are cooperating on an extensive range of issues involving U.S. and Mexican military counterdrug interdiction forces. The Department of Defense (DOD) has established a highly successful training and equipment program for the development of an airmobile, rapid-reaction, counterdrug capability to support drug interdiction efforts in Mexico. In FY 96, approximately 300 Mexican military personnel completed counterdrug training provided by DOD. In FY 97, more than 1,500 Mexican military personnel will be trained in an expanded counterdrug training program, including courses in aircraft maintenance, communications, intelligence, UH-1H pilot training, Special Forces skills instruction, cadre development, and maritime counterdrug operations.

Central to the development of Mexico's military counterdrug capability is the training of GAFE (*Grupos Aeromoviles Fuerzas Especiales*) units and UH-1H pilot and maintenance training. GAFEs are elite Mexican Army units that have received Special Forces and air assault training for use in counterdrug interdiction operations. The training program was designed to rapidly improve the capabilities of GAFE units and UH-1H squadrons that support their operations. The training will also establish a cadre of Mexican instructors to sustain these counterdrug capabilities. Training of GAFEs is scheduled to continue through FY 99. All GAFE training includes a strong human rights component.

DOD is transferring 73 UH-1H helicopters to the Mexican Air Force to support GAFE units' counterdrug operations and four C-26 fixed wing turboprop aircraft for use in counterdrug reconnaissance and support missions. The first 20 helicopters were delivered to Mexico in November 1996 and an additional 28 were transferred in July 1997. The remaining 25 UH-1Hs will be delivered by September. These air mobility assets mark a significant improvement in Mexico's counterdrug capabilities. They are employed in conjunction with the GAFE as well as in reconnaissance, eradication, and interdiction operations. DOD also provided helicopter support via the transfer of two years' worth of spare parts, aviation maintenance tool kits, and ground support equipment to sustain Mexico's near-term airmobile counterdrug capability.

To further bolster Mexico's long-term ability to maintain the counterdrug UH-1H fleet, Section 1031 of the 1997 Defense Authorization Act for DOD provided \$8 million in counterdrug procurement support to Mexico. The support is administered through a Foreign Military Sales (FMS) case for acquisition of helicopter spare parts and components. This very important authority is also being sought in the FY98 Defense Authorization Bill.

From December 1996 to August 1997, the increased capability represented by the DOD-provided UH-1Hs showed immediate results. As of August 1997, these aircraft had logged a total of 3,600 flight hours in support of counterdrug missions. According to figures supplied by the GOM, through May 1997, UH-1H flights resulted in the location of 9,076 drug fields; identification of 281 new clandestine airfields; identification of 30 previously unknown areas suitable for clandestine airstrips; identification of 56 previously unknown possible border crossing points; and seizure of 4,605 kilograms of marijuana.

### **Maritime Interdiction Cooperation**

Maritime counterdrug operations gained new significance in FY 97, as both governments recognized the increased threat posed by maritime transport of cocaine, marijuana, precursors, and other related contraband, both in commercial shipping and in smaller, high performance "go-fast" boats. Mexico and the United States made advances in the areas of training, information exchange, and cooperative maritime law enforcement.

#### Maritime Training

DOD, with the support of the U.S. Coast Guard (USCG), has developed a maritime counterdrug training program to train Mexican naval forces for operations in a marine/coastal and riverine environment. More than 600 Mexican Navy personnel will receive this training in 1997. Mexico also acquired two U.S. Knox class frigates for use in a maritime counterdrug role, and DOD will provide training to assist in developing this capability. To further assist the Mexican government in improving its maritime law enforcement capabilities, the USCG International Training Division also provides training to the Mexican Navy in basic boarding and law enforcement procedures. In April 1997, at the request of the Mexican Navy, a USCG Mobile Training Team (MTT) traveled to Mexico and trained more than 100 Mexican Navy officers and enlisted sailors on maritime law enforcement and counterdrug boarding techniques.

#### LEDET Support

At Mexican request, USCG Law Enforcement Detachment Teams (LEDETs) deploy with increasing frequency to Mexico to assist the Mexican Navy with dockside boardings using IONSCAN equipment. In addition, LEDET personnel have appeared in Mexican courts three times to testify as expert witnesses against suspected drug smugglers, most recently on July 22, 1997. During the course of one deployment in late 1996, the LEDETs boarded seven vessels which the Mexican Navy suspected of drug smuggling. Although no contraband was discovered, there were several positive hits which indicated the presence of drugs previously. On the basis of

this evidence, Mexico seized all seven vessels (estimated worth: \$3-4 million). In January 1997, a LEDET participated in the boarding of the Mexican fishing vessel, "Viva Sinaloa", leading to the seizure of more than three metric tons of cocaine.

### Maritime Air Patrols

The exchange of information between CENDRO (the Mexican national counterdrug coordination and intelligence center) and the USCS Aviation Liaison Officer in the Information Analysis Center (IAC) in the Embassy in Mexico City concerning suspected maritime trafficking has enhanced coordination on reconnaissance flights. In addition, Mexico's willingness to pursue traffickers several hundred miles out to sea has greatly improved maritime interdiction efforts. The result has been significant seizures near the Yucatan Peninsula, and areas near the southern tip of Baja California and the adjacent west coast of the Mexican mainland.

### Cooperative Maritime Interdiction Operations

The USCG, in conjunction with other federal law enforcement agencies, is also conducting maritime interdiction operations in the coastal waters along our border with Mexico in both the Pacific and the Gulf of Mexico. Operation GULF SHIELD is centered in Brownsville, Texas. Operation BORDER SHIELD is centered in San Diego, California. In conjunction with Operation GULF SHIELD, the Mexican Navy is conducting Operation TAMAULIPAS 97 along the Texas/Mexico border. The Mexican Navy has two warships with deployed helicopters in support of the operation, and has expressed a desire to continue this operation indefinitely. In addition, the Mexican Navy is requiring the registration of all small boats and the sale of outboard engines larger than 75 horsepower.

### Operational Success

A recent success in maritime interdiction resulted from bilateral cooperation in Operation BORDER SHIELD. On August 11, 1997, Joint Interagency Task Force West (JIATF-West, the USG interagency interdiction command center responsible for the Eastern Pacific) developed information on a smuggling operation south of Acapulco involving the transfer of drugs from a mother ship to a go-fast boat. The USCG Cutter BOUTWELL, a U.S. Navy P-3, and a Mexican Navy aircraft responded by diverting from other missions to intercept the suspect vessel.

Taking part in the pursuit at various times were BOUTWELL's HH-65 helicopter, the USN P-3, a USCS P-3, and a PGR King Air. The USCS aircraft tracked the go-fast vessel, which jettisoned more than 100 bales of cocaine, until nightfall. Despite the Mexican Navy's fast response (three Mexican Navy vessels participated), the go-fast crew of five managed to escape before the authorities could arrive. BOUTWELL and the three Mexican Navy vessels worked overnight recovering the jettisoned cocaine. The total amount recovered was more than 2.7 tons of cocaine, which was transferred to the custody of the Mexican Navy. The significant contribution of Mexican Navy support to this successful operation showcases the potential for cooperative maritime law enforcement.

## **Border Coordination**

The customs services of the United States and Mexico have improved their communications and cooperation. Port Quality Improvement Council's have been formed in an effort by the major U.S. federal inspection agencies (USCS, Immigration and Naturalization Service, and Department of Agriculture) to coordinate the management of large Southwest border ports of entry. PQIC coordination and communication has been extended to Mexican counterparts via the Border Working Groups operating at the local level at Southwest border ports. Increased communication between U.S. and Mexican customs officials along the border has improved traffic management and facility usage. Cargo and passenger facility hours of operation are now coordinated, increasing the efficiency of both U.S. and Mexican agencies.

## **Border Liaison Mechanism (BLM)**

The U.S. and Mexico created the BLM in 1993 to improve local communication on border incidents. The principal officers at U.S. and Mexican Consulates in five border pair cities (Tijuana/San Diego, Ciudad Juarez/El Paso, Nuevo Laredo/Laredo, Hermosillo/Nogales, and Matamoros/Brownsville) chair quarterly meetings with law enforcement officials, civic leaders and representatives of inspection agencies to discuss "border cooperation and any recent violent incidents." Additional BLMs have been added at Mexicali/Calexico, Reynosa/McAllen, and Ojinaga/Presidio.

The BLMs have proven very useful in resolving problems locally that otherwise might have escalated to national-level issues. In addition to narcotics-related issues such as border violence and customs inspections, BLMs have also dealt successfully with other issues, notably port management, border facilitation and immigration questions. A survey of U.S. Consulates participating in BLMs this spring indicated agreement that the BLMs are proving extremely useful in improving border coordination.

## **America's Narcotics Control Initiative (ANCI)**

Through the ANCI program, USCS will assist exporters, carriers, and port authorities in developing and implementing security programs and initiatives that safeguard legitimate trade from being used to smuggle narcotics and to assess border operations. ANCI will build upon the current Carrier Initiative and Business Anti-Smuggling Coalition programs which USCS has promoted with industry in the hemisphere. Mexico is one of the target countries for the ANCI.

## **Air Interdiction Cooperation**

The USCS Aviation Program has been involved in counterdrug operations with Mexico since 1990. These operations have resulted in an excellent level of cooperation in drug interdiction

activities. The Mexican Government authorizes regular overflight and case by case pursuit in Mexican airspace for USCS P-3 aircraft monitoring suspect narcotrafficking aircraft, or responding to emergent intelligence. Regular pre-authorized overflights require a Mexican national, in most cases a representative from the PGR, to be present aboard the P-3 aircraft. When tracking suspect aircraft, P-3 crews coordinate with both the USCS Domestic Air Interdiction Coordination Center (DAICC) in Riverside, California and the USCS Aviation Liaison Officer in the IAC located in Mexico City. The Mexican representative aboard the USCS aircraft serves as a coordinator for Mexican law enforcement assets involved in prosecuting the suspect track.

USCS has proposed an exchange of liaisons between DAICC and its counterpart CENDRO. The DAICC offers the only means of monitoring suspect low-level flights in northern Mexico. The U.S. believes that the proposed liaison exchange will enhance communication between Mexican and U.S. law enforcement. This in turn should improve prospects of apprehending trafficker aircraft over Mexico.

Discussions between the U.S. Department of the Treasury and the GOM are continuing on this issue. As part of this process, Mexican representatives are to visit DAICC to see firsthand DAICC capabilities and the benefits that would stem from the liaison exchange.

In coordination with the Mexican government, two USCS Citation interceptor aircraft have been deployed to Mexico since the early 1990s to support interdiction and provide training, with USCS aircrews rotating into Mexico for 30-day, temporary duty assignments. Additional Citations are on alert in the United States at various locations along the southwest border. The forward-deployed Citations have enjoyed great success in interdicting trafficker aircraft throughout Mexico, leading the Mexican Government to purchase its own Citations and create its own national air interdiction capability.

USCS aircrews have provided on-the-job training to Mexican pilots and radar operators and have worked side by side on cases. Formal training has been provided at the USCS training facility in Marana, Arizona.

The capabilities of Mexico's air interdiction program have grown exponentially since its inception in 1991. The record of success already achieved could be strengthened with new initiatives in the future, perhaps including cooperative operations to target ongoing suspect air activity occurring just south of the U.S.-Mexican border.

#### Detection and Monitoring Enhancement

The GOM has approved a major step forward in bilateral detection and monitoring cooperation, streamlining overflight and refueling request procedures. The GOM recently provided immediate authorizations and assistance for U.S. aircraft to overfly Mexico when observing suspected drug trafficking aircraft flying into Belize and Guatemala. This assistance included permission to refuel in Mexico and agreement to keep airfields open while detection and monitoring missions are in the

air and possibly in need of fuel. As the result of high-level discussions at the Bilateral Working Group on Military Cooperation meeting held in May 1997, Mexico has streamlined procedures by which U.S. aircraft and maritime vessels supporting counterdrug missions can receive authorization to overfly or refuel in Mexican territory.

### **Information Sharing**

Information sharing is critical to the effectiveness of both national and bilateral counterdrug efforts. Information sharing has been increased through more frequent personal contact between U.S. and Mexican counterparts and the creation of new mechanisms for transmitting information and intelligence. One of the most critical elements in this process has been the effort by the GOM to improve its information security practices, including intensified security screening for Mexican personnel who handle U.S.- provided information. Although these ongoing GOM screening efforts will be critical to building trust, remaining concerns about corruption in Mexico are barriers to greater information sharing.

### **Strategic Information Sharing**

The development of strategic information sharing institutions and practices has improved understanding of drug trafficking organizations and increased law enforcement effectiveness in both countries. The IAC is critical to cooperative counternarcotics information sharing. The IAC is an interagency multi-source intelligence fusion center located in the U.S. Embassy in Mexico City which develops actionable intelligence for use by U.S. and Mexican law enforcement agencies. Mexican law enforcement authorities have provided the IAC with considerable case information electronically on major drug trafficking organizations in Mexico drawn from their case files. This information is analyzed and integrated into IAC data bases as well as forwarded to Dominant Chronicle, the Defense Intelligence Agency-FBI document analysis center in the Washington, D.C. area. Time-sensitive information is isolated and checked against U.S. data bases. The combined (“fused”) information is then returned to Mexican authorities to support law enforcement operations, e.g., raids against specific drug trafficking locations. Products from Dominant Chronicle are also provided to Mexican law enforcement with expanded analysis for use in its strategic efforts.

This interaction among the IAC, the U.S. national intelligence community, and Mexican law enforcement agencies has resulted in a significant increase in our mutual understanding of the structure of Mexican drug-trafficking organizations, and the identity of key figures within these organizations. According to the U.S. Embassy in Mexico City, this interchange and the expansion of U.S. and Mexican understanding of trafficker structures and methods have also led to an increase in operations directed against traffickers, such as the Mexican Army’s seizure of a tanker truck containing almost 10 tons of cocaine in the state of Tamaulipas in April 1997, one of the largest seizures of cocaine ever.

## Tactical Information Sharing

Successful law enforcement and interdiction operations often depend upon sharing of detailed tactical information. Again, the IAC plays a key role in the tactical information sharing process. The IAC receives and analyzes reports and other information from tactical counterdrug centers, primarily JIATF West in Alameda, CA; JIATF East in Key West, FL; and the DAICC. In addition, reporting from all members of the national intelligence community is incorporated to form a tactical assessment of drug smuggling trends, routes and methods. A secure communications link between the IAC and CENDRO has been in place since December 1996 to share sensitive information and has been used with increasing frequency. The link is especially valuable for sharing real-time tracking information to support Mexican end game operations. For example, in July 1997, extensive real-time tracking information on airplanes and fast boats was transferred through the link. While there were no seizures or arrests in Mexican territory at that time, the operation resulted in a 1,000-kilogram cocaine seizure on the waters north of San Andres Island in the Caribbean.

Another example of the effectiveness of tactical information sharing was the seizure of the Mexican fishing vessel "Viva Sinaloa" in January 1997. Initial intelligence reports indicated an at-sea transfer of drugs would occur in the Eastern Pacific involving a ship coming from Colombia which would be met offshore by a vessel from Mexico. The IAC served as the coordination point for the maritime patrol assets under the command of JIATF-West and Mexican naval units which were deployed to interdict the trafficking vessels. Locational data were passed from the U.S. maritime patrol assets to the IAC, which relayed the information to the Mexican naval units. The Mexican Navy boarded the "Viva Sinaloa" and escorted it into port, resulting in the seizure of more than three metric tons of cocaine.

The IAC also plays several key roles in bilateral cooperation against the air trafficking threat. Most initial detections of potential drug shipments via aircraft originate using Relocatable Over-the-Horizon Radar based in the continental United States. This information is passed to IAC where it is checked against drug trafficking profiles. If the initial detection is validated as a suspect flight, the IAC passes the information to Mexican counterdrug authorities over the secure electronic link. Mexican and USCS tracker and interception aircraft are alerted and when the target comes within range, Mexican interceptor aircraft are launched. During the first seven months of 1997, IAC air alerts resulted in a foiled airdrop in Mexican waters; the seizure of 175 kilograms of cocaine, 32 kilograms of marijuana, an aircraft, and a vehicle; and the arrest of four persons on drug-related charges.

## Maritime Information Sharing and Communication Plan

Significant progress has been made in sharing information with Mexico on the flow of narcotics via maritime routes. Recent meetings (March to August 1997) between high level USCG and Mexican Navy officials led to the establishment of several agreements for increased cooperation. The Mexican Navy and USCG will: (1) advise each other of the locations of patrolling units to facilitate cooperative law enforcement actions along the border; (2) publish a communication plan

so patrolling units can coordinate and de-conflict patrol efforts; (3) advise each other of information relevant to operations; (4) improve the quality and timeliness of search and rescue information; and (5) continue meeting regularly to improve mutual efforts.

The USCG and Mexican Navy began direct communication and coordination for counterdrug operations along the Texas/Mexico border in June 1997. Information was successfully exchanged with the Mexican Navy on five separate occasions concerning *lancha* (small boat) activity in the vicinity of the U.S.-Mexico border during the month of June. These incidents resulted in positive Mexican responses, including confirmation of Mexican Navy vessels in the area and agreement to investigate information relayed by the USCG. The agreements and activities between the USCG and Mexican Navy mark a significant advance over the previous lack of mechanisms for direct exchange of information.

### Financial Information Sharing

The Governments of the United States and Mexico are cooperating to attack the financial underpinnings of drug trafficking organizations. U.S. and Mexican authorities now routinely share tax and financial information via a series of formal agreements. These agreements, Financial Information Exchange Agreement, Tax Information Exchange Agreement, and Mutual Legal Assistance Treaty, allow each country to assist the other in combating financial crimes by the exchange of evidence and other financial data available in the requested country.

### Border Information Exchange

Along the U.S.-Mexico border (particularly in the San Diego-Tijuana area), special programs are being developed and implemented to exchange information and evidence needed to arrest and prosecute transborder criminals. For instance, consultations are continuing on more effective ways to ensure that minor transporters of drugs across the border can be prosecuted in their country of origin with the help of evidence collected by the border immigration or customs authorities of the excluding country.

Increases in border violence associated primarily with drug smuggling are of grave concern to both governments. In response to recent incidents of cross-border violence against law enforcement officers in southern California, the Governments of Mexico and the United States have recently set up a Southern California Border Public Safety Council within the Border Liaison Mechanism to handle emergency situations. The purpose of this Council is to provide an immediate response to violent encounters across the border and to facilitate the investigation by officials on both sides of the border at crime scenes. It is anticipated that the enhanced cooperative measures developed by the Council will serve as a model for similar bilateral groups in the border region.

With this increase in border violence, officer safety has emerged as a top priority for both the U.S. and Mexican customs services. Customs Port of Entry Directors on both sides of the border are now able to communicate, via a direct telephone link, with their counterparts. As a result,

information on large scale public gatherings, mass migrations of persons, and individuals avoiding law enforcement efforts (all incidents that pose a significant threat to the officers of both agencies) can now be immediately communicated to the affected U.S. or Mexican port, making the border environment safer for citizens and customs officers of both nations.

#### Exchange of Chemical Control Information

Enhanced communication has also occurred in the area of precursor chemicals -- due, in large measure, to cooperation through the Bilateral Chemical Control Working Group. In 1997, Mexico implemented regulations limiting the legal importation of precursor chemicals to seven designated ports of entry. At Mexico's request, since March 1997, the United States provides written notification for each precursor shipment to be sent from the United States to Mexico. The notification is made via letter to DEA-Mexico, which forwards it to CENDRO and the Health Ministry. This advance notification assists Mexican authorities in conducting their customs and regulatory operations. As part of this process, the United States also verifies that any proposed export is destined to one of the seven Mexican ports of entry legally authorized to receive precursor chemicals. The two countries are exploring means for more direct communications through an electronic mail package similar to the links the U.S. maintains with the European Union and with other countries.

### **III. Changes in Law to Facilitate Counterdrug Actions**

#### **Organized Crime Law**

The ability to investigate and prosecute narcotics crimes and related offenses in Mexico has been significantly enhanced and simplified by the enactment in November 1996 of the Organized Crime Law and its implementation throughout 1997. Under this new law, Mexico's evidence-gathering capabilities have been expanded to include: (1) sentence reductions for cooperation (plea bargaining); (2) the use of informant and co-defendant statements; (3) establishment of a witness protection program; (4) authority to conduct controlled deliveries; and (5) court-authorized electronic surveillance. These enhanced investigative capabilities will work directly to benefit bilateral cooperation by enabling Mexican authorities to offer possible sentence reductions to individuals in Mexico who might be used as witnesses in U.S. investigations and prosecutions.

The U.S. Embassy in Mexico City reports that the implementation of the Organized Crime Law is proceeding well. The Organized Crime Unit has been established within the PGR to implement the law and has received considerable support from the USG. In addition to its use in the important investigation of former INCD head General Gutierrez Rebollo, the Organized Crime Law is currently being used in more than 30 cases involving the Carrillo Fuentes, Arellano Felix, and Amezcua Organizations. Under its asset forfeiture provisions a total of \$41 million has been seized from associates of the Carrillo Fuentes organization.

While the new Organized Crime Law has given Mexican law enforcement entities additional investigative tools and increased authorities, the law alone is not sufficient. To conduct effective law enforcement investigations in Mexico, specialized units must utilize sophisticated, state-of-the-art investigative techniques, including court-authorized electronic surveillance, undercover operations, and the like. In order to use these investigative tools effectively, the GOM must first establish guidelines and policies, and develop a cadre of competent and trustworthy prosecutors and judges.

#### **Organized Crime Law and Implementation of Asset Seizure Law in Mexico**

The Organized Crime Law provides for the freezing and forfeiture of assets related to the underlying organized criminal offense. Under the law, seized assets can be forfeited, sold at auction, or converted for government use. The highlights of the forfeiture provisions of the law are as follows:

- Defines organized criminal behavior as a new, discrete offense and contains a forfeiture penalty applicable to those convicted of participating in organized crime.
- Provides for the forfeiture of proceeds derived from, and instrumentalities used in the commission of these offenses; and does not provide a "substitute assets" provision, nor does it spell out what "innocent owner" defenses might apply.

- Places the burden of proof on the property owner to establish that the property subject to forfeiture is of "legitimate origin."
- Provides for the pre-trial restraint and seizure of assets that might be subject to forfeiture, as well as supervising the maintenance and custody of restrained assets.
- Recognizes the importance of maintaining an inventory of seized, forfeitable assets.

The law is missing some elements contemplated by the 1988 U.N. Vienna Convention and OAS/CICAD models for an effective asset forfeiture regime. For example, it lacks provisions for international forfeiture cooperation and asset sharing, and does not provide for forfeiture of assets where the organized criminal suspect has died or absconded from Mexican jurisdiction.

The Organized Crime Law is an important step by Mexico in creating a domestic and international forfeiture cooperation regime. Mexican officials recognize, however, that they must do more in developing forfeiture laws and regulations. The PGR is drafting measures that will integrate Mexico's piecemeal forfeiture laws into one comprehensive system for the seizure and forfeiture of assets related to the commission of crime. The laws now being drafted, however, will not provide for *in rem* civil forfeiture capabilities (such as exist in the United States) to allow the forfeiture of assets belonging to one who has died or fled the jurisdiction before being convicted of a crime providing the basis for forfeiture.

Another important issue that the Mexicans are now addressing in their efforts to draft comprehensive forfeiture laws and procedures is the distribution of forfeited assets between the judicial and prosecutive authorities for their official use. The draft legislation will also regulate Mexican agencies involved in seizing assets by setting guidelines on how to administer the seized assets so that they remain stable until final adjudication.

### **Asset Forfeiture: Cooperative Efforts**

Under its still-developing forfeiture laws and procedures, the GOM has played a positive role in the forfeiture of assets under U.S. law on two recent occasions. The results of this new vigor in the forfeiture area were seen in the Ruiz Massieu and Garcia Abrego cases.

In the first case, information provided by Mexico in accordance with the MLAT was useful in obtaining a forfeiture judgment of more than \$9 million against Mario Ruiz Massieu (a former Mexican Deputy Attorney General) in April 1997. Financial information from Hacienda and the participation of a witness provided by the PGR assisted the U.S. in making its case that the money was obtained through narcotics payoffs and money laundering.

The U.S. also obtained a forfeiture judgment against drug trafficker Juan Garcia Abrego. From at least 1980 until his arrest in 1996, Garcia Abrego, the head of the Gulf Cartel, was responsible for smuggling more than 100,000 kilograms of cocaine and thousands of pounds of marijuana into the

United States. At the height of his power, he controlled the flow of narcotics through the Matamoros Corridor -- an area along the Rio Grande in the Brownsville-Matamoros area.

On January 14, 1996, Garcia Abrego was arrested in Monterrey, Mexico, by Mexican authorities. He was expelled to the United States on the following day. After a five-week federal trial in Houston, a jury found Garcia Abrego guilty as charged on 22 counts, including drug trafficking, money laundering, and operating a continuing criminal enterprise. In January 1997, Garcia Abrego was sentenced to nine concurrent life terms, fined \$128 million, and was ordered to forfeit \$350 million as profits of his drug enterprise. While the monetary judgments remain unsatisfied, the GOM's expulsion of Garcia Abrego opened the door to this significant conviction and criminal forfeiture judgment.

Besides these major cases, other cooperative investigations resulted in significant forfeiture actions. In February 1997, as a result of a joint investigation with USCS special agents in Hermosillo, Mexican Hacienda agents seized approximately \$16 million in 11 bank accounts belonging to drug trafficker Roberto Gaxiola-Medina.

Based on financial records provided by Hacienda, U.S. authorities arrested Jose Jesus Gutierrez Echegollen-Barroeta in Las Vegas, Nevada, in June, seizing more than \$700,000 in cash and property. From January 1, 1997 to the present, the U.S. Internal Revenue Service Criminal Investigation Division (IRS-CI) has initiated asset seizure actions against 26 assets relating to Mexican drug organizations which totaled \$1,429,867.34.

In June 1995, Francisco H. Garcia, Sr. and his son Francisco H. Garcia, Jr. were convicted on drug and money laundering charges, and forfeited real property and more than \$4.5 million. This result was achieved in large part because of cooperation by Hacienda. The Garcias claimed that the source of money was legitimate economic activity in Mexico, which had been reported on Mexican tax returns. A Hacienda expert testified in their trial that the Garcias did not file returns in Mexico, and that the Mexican tax documents provided to the court by the tax preparer were not authentic. Garcia, Sr. received a 25-year prison sentence and Garcia, Jr. received in excess of 15 years in prison. On March 10, 1997, the tax preparer was sentenced to 57 months in prison based on testimony from the same Hacienda official. The radio station building and land forfeited by the Garcias were donated by the government to a community drug and alcohol rehabilitation center through the Weed and Seed Program.

In sum, there has been progress in forfeiture matters with Mexico since March 1997. Forfeiture -- both in terms of Mexico's domestic efforts and in regard to cooperation with the United States -- has been given a top priority in our law enforcement relationship. The GOM is engaged in a serious effort to revise and enact legislation that should position it to confiscate the proceeds of crime as part of its domestic prosecutions, and to cooperate to an even greater extent with the United States and other countries.

### Sharing of Forfeited Assets

In May 1995 the Governments of the United States and Mexico agreed to establish a mechanism to share forfeited assets in those cases where Mexico substantially assisted in investigations or prosecutions leading to the forfeiture of assets under U.S. law. Although the MLAT already provided a basis for asset sharing, the GOM needed a specific sharing agreement to supersede its domestic law requiring that all funds be deposited in the general treasury, rather than earmarked for specific purposes such as drug law enforcement. From the U.S. perspective, a specific sharing agreement was useful because it provided a means to monitor how these funds would be used in Mexico to combat drug trafficking.

Moreover, the May 1995 sharing agreement provides that the two countries would meet two years after the agreement went into effect to review it. This offers both the U.S. and Mexico the near-term opportunity to revise, strengthen, and expand the agreement. The revision and expansion of the sharing agreement will be among those initiatives encompassed in the U.S.-Mexican drug alliance announced by Presidents Zedillo and Clinton in May, 1997.

In revisiting the asset sharing agreement, the USG expects that it will be made fully reciprocal, providing for Mexico-to-U.S. forfeiture, not just sharing by the United States (as is now the case). The U.S. also believes that the agreement should apply to non-drug cases as well. Further, the agreement should recognize the need for the Governments of Mexico and the United States to negotiate a substantive forfeiture cooperation agreement, providing for judicial assistance in the freezing and forfeiting of assets at the request of the other country. Finally, the USG hopes to negotiate a broader U.S.-Mexico forfeiture cooperation and sharing agreement, once Mexico enacts the necessary domestic legislation that will provide the basis for full judicial forfeiture cooperation between the two countries.

### Money Laundering Law and Implementing Regulations

In the past year, the GOM has taken a number of significant steps to enhance its capacity to combat money laundering. In May 1996, a new Mexican law made money laundering a criminal offense for the first time. Under the prior law, money laundering was a tax offense which could only be triggered through the course of an audit of a financial institution. The new law also provides for enhanced penalties for money laundering, increasing the potential prison sentence to 5-15 years generally, and in cases of government officials, the penalty may increase to as much as 22 years.

In addition, in March 1997, Mexico's Hacienda issued new regulations for specified financial institutions which should enhance Mexico's ability to detect and track possible money laundering activity through those institutions. Once fully implemented, the rules will mandate that the specified financial institutions will: (1) report currency and other monetary transactions in excess of \$10,000; (2) report suspicious transactions; and (3) obtain and retain customer account opening and transaction information. The customer identification regulations became effective on

May 2, 1997, and the regulations governing currency transaction reporting will become effective January 1, 1998.

Although suspicious transaction reporting became effective May 2, Hacienda continues to work with covered financial institutions to aid their development of standards for what constitutes suspicious activity. The GOM reports that this process should be complete by the end of the year.

Rules of this sort -- when fully implemented and enforced -- have proven to be effective tools for preventing and deterring money laundering. They also generate valuable investigative information for law enforcement authorities seeking to identify and dismantle laundering operations.

The new laws and regulations will assist substantially in erecting the kind of barriers that will prevent the placement of drug profits and other criminally derived funds with Mexican financial institutions. At the same time, because the regulations are the GOM's first attempt at requiring currency transaction and suspicious activity reports, some provisions of the rules raise concerns that will need to be addressed with further amendments and refinements. For example, the requirement to obtain and retain information on the identities of account holders for transactions other than deposits does not apply to transactions less than \$10,000. As a consequence, transactions may be structured below the \$10,000 threshold with anonymity (although the financial institutions may still file a suspicious transaction report), and in some circumstances, there is no separate offense for structuring to avoid reporting requirements.

The customer identification provisions also fail to apply to beneficial owners -- a potentially significant problem, since money laundering transactions often are carried out by individuals acting on behalf of others. Another concern raised with the GOM by U.S. representatives is that willful violations of these regulations are punishable only by civil penalties, rather than by criminal penalties. Finally, the "safe harbor" provisions protecting financial institutions from being sued by affected customers have not been tested and could present problems. The U.S. will continue to work with the GOM to address these legal and regulatory issues.

The Departments of Treasury and Justice have worked closely with Hacienda to develop the new regulations, and have offered training for both prosecutors and investigators. In June and July 1996, Treasury led interagency missions to Mexico City for the purpose of joint U.S.-Mexican examination of the GOM's existing anti-money laundering capabilities, and development of suggested improvements.

Among other things, these missions resulted in the design by FinCEN of a computerized database for the information generated by Hacienda's reporting regulations. The State Department has purchased the necessary hardware and software for Hacienda; delivery and installation is nearly complete. Moreover, to implement the new regulations more effectively, the GOM has established a Financial Intelligence Unit (FIU) staffed with analysts. Employees of the FIU are scheduled to be trained by FinCEN in intermediate intelligence analysis on September 24-26, 1997.

Hacienda has announced that it has opened 27 money laundering cases since May 1997, and the GOM presented one complaint under the 1996 money laundering law -- against Raul Salinas. Unfortunately, the Salinas case was dismissed, raising further concerns regarding the status of prosecutions in Mexico. In the Salinas case, a federal judge ruled that the money laundering charges could not be brought against Salinas without his first being convicted for the underlying predicate offense -- in this case, illicit enrichment.

The Mexican PGR and Hacienda are deeply concerned about the precedential impact of this very narrow interpretation of the law. The requirement to secure a prior conviction for the predicate offense could diminish substantially the incentive to prosecute money laundering and the prospects for a successful prosecution. The GOM is appealing the Salinas decision. It is also considering legislative measures regarding the authority to prosecute money laundering cases under less stringent evidentiary standards. The U.S. will monitor developments in this area and will continue to work closely with Mexican authorities to assist the GOM in obtaining indictments and convictions for money laundering.

### **Chemical Control**

Mexico has a precursor enforcement program somewhat analogous to that in the United States. A Mexican law passed in May 1996 establishes chemical trafficking as a crime subject to 5-15 years imprisonment and a fine, and in 1997, the GOM implemented regulations limiting the legal importation of precursor chemicals to seven designated ports of entry. In 1996, under this law, Mexico seized 3.3 metric tons of ephedrine, 10 metric tons of phenylpropanolamine, and 900,000 pseudoephedrine tablets, chemicals that can be diverted to the illicit production of methamphetamine or amphetamines. Regulatory controls also exist on precursor chemicals, but the administrative infrastructure for their enforcement is not highly developed. Further, the GOM lacks a comprehensive regulatory system to prevent the diversion of essential (as opposed to precursor) chemicals, but is now actively formulating legislation in this area.

Since June 1996, the GOM has also worked with the Department of Justice and the Drug Enforcement Administration to develop strategies for controlling the import, export, and sale of licit chemicals, preventing the illicit use and traffic of those chemicals, and reducing the diversion of chemicals. The U.S. and Mexican Attorneys General have agreed to identify persons, businesses, and criminal organizations involved in the illegal transport, use, export, and import of chemicals, and to obtain the support and cooperation of other key countries where precursor chemicals are produced, transported, or brokered.

#### **IV. Mexican Institutional Reorganization and Anti-Corruption Efforts**

The GOM faces a daunting challenge in eliminating deep-seated corruption from its law enforcement institutions. The exposure and arrest of General Jesus Gutierrez Rebollo, former head of the INCD, as an associate of the Amado Carrillo Fuentes drug trafficking organization sent shock waves through the Mexican and U.S. Governments, but it also provided the impetus for a profound cleansing and reorganization of Mexico's counternarcotics and law enforcement institutions.

Responding to the corruption challenge, Mexican Attorney General Madrazo announced on April 30, 1997 the dissolution of the INCD and, to fight impunity and corruption, the creation of new, vetted units within the PGR. The new organizations, the Special Prosecutor for Crimes Against Health (FEADS) and the Organized Crime Unit (OCU), are designed to be more reliable, more professionally competent, and more focused than their predecessors. They will be staffed with personnel who have passed through a vetting procedure which examines them for drug usage, checks their personal finances and lifestyle, and subjects them to polygraph screening.

The entire PGR is also undergoing a general reorganization that began in 1996 when former Attorney General Lozano fired more than 1,200 PGR employees for corruption or unsuitability, and continues under the plan announced by Attorney General Madrazo on April 30, 1997. Nearly all of the individuals dismissed last year appealed their dismissals, citing procedural flaws in the terminations. According to the U.S. Embassy and the GOM, the appeals have resulted in the PGR being ordered by Mexican courts to reinstate 234 individuals with back pay as of August 1997. Attorney General Madrazo stated on September 10 that an additional 270 PGR employees were fired between December 1996 and August 1997, and that 192 of them face prosecution.

The Mexican Defense Secretariat also is engaged in a far-reaching effort to investigate and eliminate drug corruption within the ranks of the armed forces. The GOM has applied the provisions of the new Organized Crime Law in its investigation and prosecution of General Gutierrez Rebollo and, as recent press reporting has indicated, 34 senior officers have been identified for disciplinary action because of their alleged ties to narcotics trafficking.

#### **The Special Prosecutor for Crimes Against Health**

The new Mexican federal agency responsible for counterdrug law enforcement is the FEADS, headed by Mariano Herran Salvatti. Although FEADS was established as the successor to the discredited INCD, its capacity remains limited by the small number of personnel who have been fully vetted. According to Herran Salvatti, as of August 25, only 282 prospective employees had passed the polygraph phase of the vetting process; the organization's projected strength is 2,000 agents. Nonetheless, FEADS has begun to cooperate effectively with DEA and other U.S. law enforcement agencies. A major early product of this cooperation was the seizure of 2.7 tons of cocaine in early August (referred to in Section II under maritime interdiction). FEADS has also

established cooperative relationships with other foreign law enforcement authorities and INTERPOL.

The dissolution of the INCD and the reorganization of the principal Mexican drug law enforcement agency, although necessary steps, have had the effect of temporarily slowing progress on counternarcotics in some areas. FEADS still lacks infrastructure support; agents have typically not been issued credentials, badges, or weapons, and they only have limited resources with which to work. Additionally, while officials who do not successfully complete the vetting process are being fired, many former INCD officers remain in place pending completion of vetting. Until a sufficient number of personnel are fully vetted and the non-vetted INCD personnel are removed, the effectiveness of FEADS will be limited.

#### Law Enforcement Screening Process (Vetting)

The GOM has initiated procedures to conduct thorough vetting for individuals considered for selection as members of the special units. This vetting process, combined with enhanced training, a minimum time commitment (U.S. agencies have suggested a three-year minimum assignment), premium pay to reflect the additional training, and ongoing integrity checks would increase U.S. law enforcement confidence in the BTFs and OCU. These measures would indicate that BTF and OCU personnel are substantially free of corruption and are likely to develop the competence to combat the highly sophisticated and violent drug trafficking cartels.

#### PGR Reorganization

The special vetted units described above will form the core of a reorganized and fully vetted PGR. What distinguishes these organizations from prior efforts to reform the PGR is the comprehensive and serious vetting process which all prospective members of each unit must undergo. In addition to being more thorough than ever before, vetting is more widespread, with the GOM planning to screen all employees of the PGR. The PGR has examined more than 1,300 officers in its vetting process and plans to aggressively continue this procedure.

The GOM is also considering a significantly enhanced package of pay and benefits for the members of the vetted units. These units and their continued expansion are part of a comprehensive GOM strategy to reform the PGR overall. The PGR has improved its recruitment and selection procedures, and has expanded its training course for judicial police from nine months to two years.

The PGR is also making efforts to fight impunity throughout its organization. Attorney General Madrazo has ordered widespread drug testing for PGR officials, and officials detected using drugs are being prosecuted. The PGR is also prosecuting officers involved in the theft of cocaine seized by the Mexican military and stored with the PGR in San Luis Rio Colorado (Sonora). On September 1, 1997, the PGR arrested 18 personnel from its own aviation division for allegedly smuggling illicit drugs in a PGR aircraft.

The major reorganization of Mexican counternarcotics and law enforcement institutions has meant that Mexican institutions and personnel must begin at a basic level to rebuild confidence, trust, and cooperation with the U.S. This has led the U.S. and Mexico to develop avenues for working level cooperation and information sharing as the new Mexican institutions develop.

## V. Extradition

Notable progress has been made over the last six months in United States - Mexico joint efforts to deny safe haven to drug traffickers and other dangerous criminals. For instance, innovative steps have been taken to combine investigative and evidence-gathering resources on both sides of the border. These evidence-gathering tools are designed to ensure successful extraditions and/or domestic prosecutions that are dependent on the presentation of proof collected in each country. Examples of such coordination include the pending extradition cases against the Valdez Mainero brothers and Alfredo Hodoyan in the Southern District of California.

Because of the transnational nature of the defendants' alleged criminal activities, these cases have required that both Mexican and U.S. law enforcement officials assemble evidence and testimony in their own respective countries, then provide them to the other country. Similarly, in a recent matter involving the shooting of a Mexican police officer in Tijuana -- which is believed to have been perpetrated by three individuals, two U.S. nationals and one Mexican national, who crossed the border into San Diego -- there has been an extraordinary level of coordination in exchanging evidence and jointly determining which national jurisdiction should pursue the various prosecutions.

### Fugitive Identification and Alert Program

Another sign of progress in eliminating safe haven for fugitives has been the implementation of the Fugitive Identification and Alert Program between the immigration authorities of the United States and Mexico. The program is designed to facilitate the exchange of information on citizen fugitives of each country who may be fleeing to or residing in the other country in violation of that country's immigration laws.

Because deportation or expulsion is often a faster and less resource-intensive remedy than extradition, the exclusion or surrender of fugitives who have also violated immigration laws through immigration mechanisms is often the preferable law enforcement response. The clear value to full implementation of this program was recently demonstrated by the expulsion of Ernesto Martinez Lopez from Mexico. Martinez Lopez, who had escaped from prison in Texas more than 30 years ago where he was serving a life sentence for the murder of a 12-year-old girl and the pistol-whipping of her baby brother, could not be extradited because of statute of limitations problems, but could be -- and was -- deported from Mexico based on violations of immigration statutes.

The following table lists fugitives expelled from Mexico to the United States from January to August 1997.

Table 8. Fugitives Expelled to the United States In Lieu of Extradition (January-August 1997)

| <b>Name</b>                               | <b>Date</b> | <b>Citizenship</b> | <b>Crime</b>                                       |
|---|-------------|--------------------|--|
| Kulik, David                              | January 24  | Naturalized U.S.   | Hashish, Money Laundering                          |
| DuMonet, Countess<br>(AKA Loretta Keller) | March 11    | Canada             | Fraud, Forgery                                     |
| Homily, Anil                              | March 11    | Naturalized U.S.   | Fraud, Forgery                                     |
| Webber, Michael Archer                    | March 19    | U.S.               | Murder   |
| Kubick, Robert                            | March 19    | U.S.               | Money Laundering                                   |
| Portal, Asher                             | April 18    | Israel             | Murder   |
| Farwell, Nan                              | June 11     | U.S.               | Theft, Forgery                                     |
| Hemphill, Curtis                          | May 10      | U.S.               | Attempted Murder,<br>Mayhem, Torture,<br>Kidnaping |
| Martinez Lopez, Ernesto                   | June 27     | U.S.               | Murder, Rape                                       |
| Garvey, Mark Edward                       | July 31     | U.S.               | Perjury  |

### Progress on Extradition

Last year, President Zedillo broke precedent by deciding to extradite two Mexican nationals. Mexican law permits nationals to be extradited in "exceptional cases," but never before had this authority been invoked by a Mexican President. (The United States has no legal impediment to extraditing nationals, and has long done so.) The first Mexican national extradited to the U.S. was Francisco Gamez Garcia, on child molestation charges. The GOM determined that one other individual, Aaron Morel Lebaron, was Mexican by birth, and extradited him on murder charges. Lebaron is also a U.S. citizen. The GOM also extradited to the U.S. on drug charges two other individuals with dual U.S.-Mexican citizenship. Mexican citizenship in these cases was acquired by marriage.

There has also been a steady, if not dramatic, course of improvement in the general extradition relationship between Mexico and the United States over the last two years, with sustained

achievements over the past six months. In 1997, four Mexican nationals have been found extraditable by the Mexican government, but cannot be surrendered until appeals or Mexican sentences are completed.

As of August 21, 1997, the United States has extradited 16 fugitives to Mexico in this calendar year. Four of those were extradited for drug crimes, eleven for murder. All those extradited to Mexico were Mexican nationals.

Table 9. Fugitives Extradited from the United States to Mexico (January-July 1997)

| <b>Name</b>                          | <b>Date</b> | <b>Citizenship</b> | <b>Crime</b>      |
|--------------------------------------|-------------|--------------------|-------------------|
| Santoyo Delgado, J. Santos           | November 23 | Mexican            | Murder            |
| Garcia Garcia, Jeremias              | January 3   | Mexican            | Murder, Kidnaping |
| Olivera de Jesus, Juan               | February 20 | Mexican            | Murder            |
| Zepeda Munguia, Rodolfo              | February 20 | Mexican            | Marijuana         |
| Mendez, Jesus Jaime                  | March 11    | Mexican            | Murder            |
| Gonzales Olivares, Efren             | March 6     | Mexican            | Murder (2)        |
| Uribe Loreto, Alfonso                | March 25    | Mexican            | Murder            |
| Arroyo Carranco, Jorge               | April 8     | Mexican            | Murder            |
| Soto Slas, Lauro                     | April 10    | Mexican            | Murder (4)        |
| Santillan Gallardo,<br>Leobardo      | April 18    | Mexican            | Murder/Injuries   |
| Sanchez Ruelas, Gerardo<br>Herlinido | May 7       | Mexican            | Gun Smuggling     |
| Millan Alvarado, Ignacio             | May 28      | Mexican            | Murder            |
| Ortiz Vega, Agapito                  | June 26     | Mexican            | Murder            |
| Palomera Gudino, Angel               | June 27     | Mexican            | Drug Trafficking  |
| Jimenez Ugalde, Rafael               | July 1      | Mexican            | Murder            |
| Vidal, Martin                        | July 5      | Mexican            | Drug Trafficking  |

Mexico has extradited ten fugitives to the United States from January through September 10, 1997, numbers substantially equivalent to those achieved in 1996, but vastly improved over previous years. Six of the fugitives were U.S. citizens. Of the ten cases, five individuals were extradited for drug crimes.

Table 10. Fugitives Extradited from Mexico to the United States (January-September 10, 1997)

| <b>Name</b>                   | <b>Date</b> | <b>Citizenship</b> | <b>Crime</b>  |
|-------------------------------|-------------|--------------------|---|
| Mahique Pareta, Jorge         | January 24  | Cuban              | Cocaine   |
| Mahique Pareta, Heriberto     | January 24  | Cuban              | Cocaine   |
| Zink, Russell William         | January 25  | U.S.               | Methamphetamine                                       |
| Castorena, Robert             | February 11 | U.S.               | Murder  |
| Fitzpatrick, David<br>Matthew | March 2     | U.K.               | Sex offenses against minors                           |
| Nelson, Stephanie Fae         | April 15    | U.S.               | Methamphetamine, Continuing Criminal Enterprise (CCE) |
| Cortino Rodriguez, Isidro     | April 15    | U.S.               | Methamphetamine, CCE                                  |
| Arizpe, Marco Alonzo          | July 22     | U.S.               | Armed Robbery   |
| Thompson, Nelson<br>Mitchell  | August 20   | U.S.               | Fraud   |
| Martinez, Luis                | September 3 | Cuban              | Multiple homicides                                    |

To ensure continuing improvement in this area, frequent consultations have been and will continue to be held between extradition authorities of both countries on evidentiary and legal issues, with a shared commitment to continuing improvement in the quality of provisional arrest and extradition petitions, and the number of fugitives arrested and surrendered.

Over the past six months, the primary developments in our extradition cases of major narcotics traffickers requested from Mexico have been the death of one of our primary fugitives (Amado Carrillo Fuentes) and the arrests in Mexico of three significant Mexican defendants -- Oscar Malherbe, Jaime Ladino, and Jaime Gonzalez Gutierrez (also known as Jaime Gonzalez Castro). Mexico has approved extradition of Malherbe, a key lieutenant of Juan Garcia Abrego. Once Malherbe has finished serving his sentence in Mexico, he will be eligible for extradition to the U.S. Gonzalez Gutierrez and Ladino were arrested by Mexican authorities at the request of the U.S. and are now in custody solely for extradition purposes.

Ladino was arrested on May 28, 1997, in Tijuana on the basis of a U.S. provisional arrest warrant. He is a key lieutenant of the Tijuana-based Amezcua Organization and the brother-in-law of leaders Jesus Luis and Aden Amezcua. In order to ensure that Ladino remained in custody, the GOM transferred him from Tijuana to Mexico City, where he remains imprisoned pending Mexican action on the U.S. extradition request.

Gonzalez Gutierrez was arrested on April 28, 1997, in Nogales, Sonora. Subsequent to his arrest, the GOM conducted seven search warrants and seized 24 vehicles. Gonzalez Gutierrez is a lieutenant of the Miguel Caro Quintero Organization, as well as a fugitive from justice in Tucson, Arizona. When the Mexican charges against Gutierrez failed and were dismissed by the Mexican court, the GOM began processing the U.S. extradition request based on federal narcotics charges filed in Tucson.

Malherbe has filed an *amparo* suit appealing his extradition. Appeals are still pending in four other cases in which extradition has been granted. Three cases involve Mexican citizens Tirso Angel Robles, Martin Avalos Tescuano, and Rosendo Gutierrez. The other case involves a U.S. citizen with a claim to Mexican nationality through marriage, William Brian Martin. Bilateral efforts to locate and apprehend other organizational members and principals sought by one or both countries are continuing.

#### Cooperative Efforts: Temporary Extradition

A problem that has often arisen in the past is how to handle cases involving individuals who are charged with serious offenses on both sides of the border. In such circumstances, the extradition of an individual from the country of his original apprehension to the other country for prosecution is generally deferred until his sentence in the first country has been completed. Authorities in the U.S. have the discretion, if the interests of justice would be served, to drop pending charges or commute sentences so that immediate surrender to Mexico can be effected. In 1996, the U.S. decided to commute the sentence of a convicted defendant on state narcotics charges, so that he could be transferred to Mexico, where he had been charged with rape and murder. In a similar vein, in 1995, U.S. law enforcement decided not to pursue a target suspected of money laundering, so that the fugitive could be returned to Mexico, where he had been charged with corruption-related offenses. In certain circumstances, the gravity of a defendant's crime, however, may mandate against such a course of action.

In Mexico, the law does not permit the termination of a proceeding or sentence, and extradition must be postponed in all cases. Unfortunately, if surrender is deferred for a prolonged period of time, crucial evidence and witnesses may no longer be available to support a successful prosecution in the country requesting extradition. To address this problem, in February the GOM raised the possibility of amending the existing extradition treaty to allow "temporary extradition" between the two countries.

This provision would authorize the temporary surrender of these individuals for trial purposes and their return after prosecution to complete the process or sentence against them in the country of

their initial arrest. For example, a provision of this sort would permit criminals tried and convicted in Mexico to be sent to the United States to stand trial before serving their Mexican sentence. Only after completing their Mexican sentence would they serve U.S. prison time. The agreement to negotiate this protocol was included in the Declaration of Mexico-U.S. Alliance Against Drugs signed by Presidents Zedillo and Clinton in Mexico City on May 6. Later that month, the U.S. Department of State submitted a draft protocol text to the Mexican Secretariat of Foreign Relations (SRE) for its consideration. Negotiations were continued at a bilateral meeting held on August 22.

Unfortunately, some serious difficulties have been experienced by Mexican authorities in certain significant narcotics trafficking and drug-related matters. For example, Humberto Garcia Abrego, who had been in custody on money laundering charges, was released in early March of this year. There were allegations that corrupt INCD officials were responsible for his release. Humberto is the brother of Juan Garcia Abrego, and is reputed to be directing the remains of his brother's drug trafficking organization. Humberto Garcia Abrego remains a fugitive.

Similarly, Rafael Munoz Talavera is indicted in the Western District of Texas on significant narcotics trafficking charges. Munoz Talavera had received a stiff sentence in Mexico for crimes committed there, but managed to have the Mexican charges against him dismissed and is now at large.

Recent defense victories through the Mexican *amparo* process have also raised serious concerns about the continuing custodial status in Mexico of Hector Palma Salazar and Rafael Caro Quintero, both of whom received lengthy initial sentences, but have recently managed to have parts of their convictions dropped. However, in all, cooperation on preventing criminals from using either country as a safe haven from prosecution is one of the areas of the bilateral partnership which has seen the most progress in the shortest period of time. With continued goodwill and further streamlining and perfecting of the mechanisms for cooperation, the two governments will have dealt a serious blow to transnational criminal groups and made significant progress in defending the rights of crime victims on both sides of the border.

**U.S. DEPARTMENT OF STATE**

**Report to Congress  
September 1997**

**ENHANCED MULTILATERAL DRUG  
CONTROL COOPERATION**

## ENHANCED MULTILATERAL DRUG CONTROL COOPERATION:

### A COUNTERNARCOTICS ALLIANCE FOR THE HEMISPHERE

#### Summary

Since 1993, the US has pushed for new multilateral efforts in the fight against drugs. As a result, the 34 democracies at the Miami Summit of the Americas in 1994 signed off on a vigorous action agenda that has been steadily implemented over the last three years. Taken together, these actions have begun to change the playing field for counternarcotics cooperation and offer a basis for constructing a hemispheric alliance against drugs.

#### Steps toward a hemispheric alliance against drugs

At the Miami Summit, leaders agreed on the need for a broad, coordinated strategy against drug use, trafficking, and production. In making this shared vision a reality, there are several necessary steps, two of which have been accomplished since Miami:

- STEP 1:     **Develop hemispheric strategy and standards:** All governments have endorsed the 1996 Anti-Drug Strategy in the Hemisphere and the 1995 Buenos Aires Communiqué on Money Laundering, which lay out the common principles for cooperation. In addition, all of the Summit countries have now ratified or acceded to the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, with seven doing so since Miami.
- STEP 2:     **Take specific actions to carry out strategy:** Working through the OAS, senior antidrug officials elaborated more than 40 recommendations for implementing the principles outlined in the strategy.
- STEP 3:     **Determine how to measure effectiveness:** Countries should develop national plans to reduce drug use, trafficking, and production, with built-in methods for evaluating their own progress.
- STEP 4:     **Institute a hemispheric reporting and monitoring process:** The OAS Inter-American Drug Abuse Control Commission (CICAD) should be charged with establishing a multilateral group to monitor progress in implementation of national plans and to promote opportunities for enhanced hemispheric cooperation.

Steps 1 and 2 have been substantially set in train since the Miami Summit in 1994. There does not yet exist a hemispheric consensus on the latter two steps, and this may prove difficult to achieve. The Administration will seek to advance these steps as it moves toward the second Summit of the Americas to be held in Santiago, Chile in April 1998.

In the interim, as we move forward to the intermediate stages of building the alliance against illegal drugs, the United States should maintain its current counternarcotics efforts so that momentum and progress are not lost.

### **Recent examples of multilateral cooperation in counternarcotics**

In word and deed, new multilateral antidrug initiatives have laid a solid foundation for an alliance against drugs. Some recent examples include:

- o President Clinton's summits with Central American presidents in Costa Rica and Caribbean heads of state in Barbados, which generated new commitments to modernize extradition treaties and criminal justice systems. President Clinton also agreed with President Zedillo of Mexico to devise a detailed, bilateral anti-drug strategy by the end of the year.
- o OAS/CICAD has developed model legislation for use against money laundering and chemical diversion, elaborated a system of data collection for supply and demand statistics, and sponsored several experts meetings and seminars on a range of issues. CICAD also helped to conclude negotiation of a regional mutual legal assistance agreement.
- o The United States, Peru, and Colombia have worked closely in the last several years to close the "air bridge" between those two countries in South America by working to monitor, identify--and force or shoot down if necessary--air traffic laden with illegal narcotics.
- o European support of counternarcotics efforts has increased in Latin America, with \$600 million pledged in loans, grants, and commodities this year. Working with the Caribbean Financial Action Task Force, the EU has pledged \$4 million (with \$500,000 from the State Department) for a training program for Caribbean and Central American countries.

### **Moving ahead: alliance opportunities that add value**

Activities undertaken in support of the principles of the hemispheric strategy against drugs will further strengthen the potential for the alliance. Such future proposed activities include:

- o Seek approval of the hemisphere's presidents at the Santiago Summit (April, 1998) of an alliance to implement and evaluate comprehensive plans on a multilateral basis to reduce drug use, trafficking, and production.

- o Formation of a Multinational Counternarcotics Center, a civilian-led focal point to coordinate interdiction efforts, match donor resources with recipient needs, and respond to new trends in trafficking through increased intelligence and experience sharing.
- o Establishment of the International Law Enforcement Academy (ILEA) South for mid- to upper-level career law enforcement officials. A separate judicial assistance center for judges and prosecutors is also under consideration.
- o Holding a conference of donors to revisit the concept of alternative development linked to the reduction of illicit drug crops. The current successful application of this concept in Peru is a potential model to help generate international support for this initiative.

### **ENHANCED MULTILATERAL DRUG CONTROL COOPERATION**

#### **A COUNTERDRUG ALLIANCE FOR THE HEMISPHERE**

The growing trend toward greater counternarcotics cooperation in the Western Hemisphere is creating unprecedented opportunities for governments to eviscerate the drug threat while promoting more cordial, productive relations between the United States and the rest of the region. The era in which the region's antidrug efforts have been driven largely by a series of distinct, bilateral initiatives between the United States and selected Latin American and Caribbean countries is giving way to one that increasingly includes new multilateral approaches. The institutions and many of the mechanisms to make such cooperation succeed are in place or under development. It is in our interest--and the interests of the other countries in the region--to enhance these institutions and accelerate the multilateral process, culminating in a hemispheric alliance against the drug threat.

A hemispheric alliance could add tremendous value to existing counterdrug efforts and open opportunities to launch important new initiatives. To be effective, the alliance must establish explicit counternarcotics goals, commitments, and responsibilities in the hemisphere. Moreover, this alliance will need a mechanism to assess progress: to identify weaknesses in the alliance; determine why they exist; and agree on remedies. To accelerate the multilateral process, the United States should strengthen the multilateral narcotics control mechanisms in the hemisphere and back several new initiatives that will draw our efforts together in a stronger fight against a common threat.

#### **ENHANCING MULTILATERALISM: New Climate, New Opportunities**

The transnational nature of the drug trade requires that countries cooperate in their counternarcotics efforts at both the bilateral and multilateral levels. Nowhere is this truer than in the Western Hemisphere where aspects of the cocaine, heroin, and marijuana trades have

insinuated themselves into virtually every country. No country can defeat this challenge alone. In the absence of international cooperation, drug production would likely expand; trafficking organizations would grow even more powerful, dangerous, and increasingly difficult to defeat; smuggling routes would proliferate; and abuse would go unchecked.

In the Western Hemisphere, the United States has tended to confront these threats on a bilateral basis. In 1993, the Clinton Administration decided to refocus our efforts increasingly on the source countries, specifically strengthening those host nation institutions that would be most effective in attacking the most critical drug targets: the major organizations, drug money, and drug-producing crops. We sought to make expanded use of the full array of operational, assistance, and diplomatic tools available to achieve this goal. While the policy called for increased international cooperation, the nature of the trade, the overall weakness of the region's counternarcotics institutions, and the low level of awareness and commitment in the region at the time necessitated that the United States take the lead in trying to forge stronger bilateral counternarcotics cooperation with selected countries.

Despite these difficulties, these bilateral initiatives have succeeded in many areas, producing results that were unimaginable a few years ago. Colombia, Peru, Mexico, and other governments are now targeting high-level traffickers who have been personally responsible for staggering levels of drug-related corruption and violence in their countries. More countries than ever now accept crop control as a legitimate counternarcotics objective, and several are actively engaged in eradication programs. Many countries have enacted, and some are now beginning to implement, new laws to combat money laundering. Bilateral approaches will remain important instruments in US international drug control policy.

There are, however, limits to what bilateral initiatives can achieve. In some cases, effective operations carried out by just one or two countries are negated or countered by expanded trafficking in other countries. In addition, a narrow focus on bilateral approaches can become counterproductive if it leads to a loss of commitment by key countries who feel they are carrying a disproportionate responsibility for solving a much broader problem. Finally, a failure to consider broader multilateral approaches results in missed opportunities to pool resources and information that could result in more cost-effective and successful operations.

Fortunately, improvements in the counternarcotics climate in the region since 1993 have increased the prospects for enhanced multilateral cooperation. Frank discussions among governments increasingly focus on the shared threat we all face and the need to act in concert, rather than solely on the problems of production or consumption. This changing spirit was captured by the 1994 Summit of the Americas counternarcotics action plan which committed the hemisphere to move forward multilaterally on a wide range of counternarcotics issues. As described elsewhere in this paper, a number of promising initiatives resulting from that summit and elsewhere are now underway.

## BUILDING THE FOUNDATION: A Strong Beginning

Opportunities abound for enhanced multilateral cooperation in the region. More than any other region, the Western Hemisphere has developed the basic foundations essential for an effective multilateral strategy. Effective and accepted international standards, along with mechanisms and institutions to implement them are in place. What is needed is a comprehensive commitment to implementation.

### Standards: Largely in Place

The UN framework--the 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the 1988 Vienna Convention), the 1961 Single Convention on Narcotic Drugs, and the 1971 Convention on Psychotropic Substances--is the basis for developing international antinarcotics cooperation. The 1988 Convention is particularly comprehensive, addressing drug issues ranging from production through use, such as control of precursor chemicals, money laundering, and various aspects of judicial reform.

One of our top counternarcotics priorities to advance multilateral cooperation is to encourage countries to ratify and implement the Vienna Convention. We have made significant progress towards ratification in this Hemisphere. When the 34 Western Hemisphere democracies met for the Summit of the Americas in Miami in 1994, seven had not yet ratified or acceded to the Convention. They committed to this goal and, by July 1996, all had achieved it.

The 1988 Vienna Convention has been the touchstone for several even more comprehensive or focused agreements in support of multilateral cooperation in the hemisphere. As mentioned, the Narcotics Action Plan from the 1994 Summit endorsed the need for a "broad, coordinated hemispheric strategy to reduce drug use and production including new enforcement methods to disrupt trafficking and money laundering networks." It further called on the nations to agree on a hemispheric response to combat money laundering and to formulate a counternarcotics strategy for the 21st century.

Both of these taskings have been achieved. At the 1995 Summit of the Americas Ministerial Conference on Money Laundering, government ministers and heads of central banks from around the hemisphere outlined a coordinated plan of action concerning legal, regulatory, and enforcement areas and called for ongoing assessments. In 1996, these same countries endorsed in Uruguay an Antidrug Strategy in the Hemisphere and, this year, developed through the Organization of American States, Inter-American Drug Abuse Control Commission (OAS/CICAD) some 40 action items to implement it. Both the money laundering communique and the antidrug strategy emphasize the importance of countries operating individually and cooperatively to combat narcotics trafficking.

Two sub-regional summits since Miami further reaffirmed at the highest levels the importance of multilateral cooperation against drugs. Heads of State from the US and Caribbean states made major commitments to cooperate in the fight against drugs and crime at the May 1997 Bridgetown Summit. These commitments were based on the Plan of Action for Drug Control Coordination and Cooperation drafted by the US, the UN, and regional governments in 1996. Focused principally on the Caribbean, the plan of action includes commitments for regional cooperation on a wide range of narcotics and law enforcement issues, with assistance coming mainly from the United States and Europe. The drug control commitments made at the 1997 Central America Summit in San Jose, Costa Rica, are also noteworthy. Most importantly, the leaders agreed to modernize their extradition treaties and criminal justice systems. Underscoring our commitment to regional approaches, President Clinton pledged that by the end of 1997, the US would establish in Central America a regional law enforcement academy dedicated to the needs of the hemisphere.

#### Institutional Structures: In Place and Under Development

An equally extensive array of institutions and mechanisms are in place to help advance these commitments. The United Nations International Drug Control Program (UNDCP) is the preeminent international body for advancing the goals and objectives of the 1988 Convention. Its past activities in this hemisphere largely focused on individual country programs. Its growing interest in the Western Hemisphere is increasingly focused on facilitating information exchange, helping set international standards and guidelines for controlling precursor and essential chemicals, exploring alternative development options, and promoting judicial reform and demand reduction.

The most appropriate institution for advancing antidrug cooperation within the region, and between the region and other international and regional entities, is OAS/CICAD. Formed in 1986 to encourage countries in the hemisphere to become parties to the UN Conventions and to promote regional antidrug cooperation, CICAD has been an active policy-level forum for planning and regional discussions. It also helps Member States develop central drug commissions and effective policies, legislation, and programs, and otherwise live up to their international commitments. Some specific achievements include:

- o Development of internationally-accepted model legislation in the areas of money laundering and chemical diversion control.
- o Development of a model chemical control cooperation agreement for use by Member States with the EU.
- o Promoting successful conclusion of the Convention on Mutual Assistance in Criminal Matters (a regional mutual legal assistance agreement).

- o Development of standardized data collection systems for both demand and supply statistics as well as regional data bases and a hemispheric information collection system.
- o Development of a standardized approach to epidemiology.
- o Sponsorship of training, workshops, and expert group meetings on the whole range of anti-drug issues, from control of diversion of licit pharmaceuticals and precursor chemicals and money laundering, to drug abuse prevention programs for the hemisphere's street children and other high-risk populations. Many of these programs include public/private sector participation.

As noted above, CICAD enabled the nations of the Western Hemisphere to negotiate and finalize the Antidrug Strategy in the Hemisphere called for by the 1994 Summit of the Americas. CICAD has identified a wide range of action items to help ensure that the commitments expressed in this document are implemented, individually and collectively.

The Summit Implementation Review Group (SIRG) provides another forum to focus high-level attention on multilateral counternarcotics cooperation in the region. Formed in 1995, it functions to ensure that countries remain aware of and continue to focus on advancing the commitments they made during the 1994 Miami Summit. The SIRG periodically hears reports from countries and international organizations on activities carried out in support of the Summit.

Meanwhile, the US has institutionalized efforts to coordinate counternarcotics assistance to Latin America (and the rest of the world) with the other major international donors through the Dublin Group. Formed in 1990 at our initiative, the Dublin Group is composed of the EU member states and Japan, Australia, Norway, Canada, and UNDCP. It includes a US-chaired working group on Latin America. At the operational level, it works through mini-Dublin Groups which consist of the ambassadors of the Dublin Group countries assigned to the aid-receiving country. The mini-Dublin Groups meet periodically in their host country to examine prospects and opportunities for coordinated assistance and then work together to develop implementation plans with the host nation. Thanks in part to the Dublin Group, the Europeans in particular have steadily increased their counternarcotics assistance to Latin America, pledging some \$600 million in loans, grants, and commodities this year. Much of this goes towards a variety of alternative development, demand reduction, and public awareness programs.

We have given special attention to combating money laundering through the Caribbean Financial Action Task Force (CFATF). The CFATF--21 Central American and Caribbean member jurisdictions plus the five Cooperating and Supporting Nations (US, UK, the Netherlands, France, and Canada) focuses on applying the 40 recommendations of the G-7's Financial Action Task Force (FATF) as well as 19 additional recommendations specific to the region. These recommendations include criminalizing money laundering activities, establishing

financial record-keeping and reporting requirements, cooperating with law enforcement authorities, supporting mutual legal assistance, and strengthening financial regulatory institutions. The CFATF began conducting mutual evaluations in 1995; several examinations have been concluded and several more are currently underway. In furtherance of the President's commitment to work with the Europeans to develop regional solutions, the State Department has committed initial funding of \$500,000 to co-fund a training program with the European Union to assist member countries. The EU has pledged approximately \$4 million to this effort.

Finally, several multinational initiatives are in place or underway to enhance drug interdiction. For the past several years, the United States, Colombia, and Peru have sustained a highly complex, but well-coordinated, attack against drug-laden aircraft traversing the so-called air bridge from the coca-growing regions of Peru to the processing laboratories in Colombia. This has included efforts to share detection, monitoring, and other information to identify and track these planes so that Colombia and Peru can force--and, if necessary, shoot--them down for violating their sovereignty and posing a threat to their national security. The success of this program has been one of the reasons for the recent collapse of the coca economy in Peru and a dramatic reduction in cultivation there.

The effectiveness of the "air bridge denial" program has demonstrated the importance of having the countries that participate in interdiction (and other) operations buy into the concept and plans early on. To further this, the US is fostering greater involvement by foreign government officials in its interdiction command and planning centers. For instance, the Department of Defense (DoD)-sponsored Joint Interagency Task Forces (JIATF), which have broad responsibilities to detect and monitor drug shipments and to pass this information to law enforcement agencies for appropriate action, now include liaison officers from Colombia, Peru, Venezuela, and Ecuador (JIATF/South) and the UK and the Netherlands (JIATF/East). Some civilian intelligence officers also participate. The liaison officers assist in passing information between the United States and their countries, and help in acquiring clearances concerning drug enforcement-related flights that cross their borders.

Drug interdiction efforts in the Caribbean are benefitting from JIATF/East and other initiatives. As the trafficking threat in the region shifted from air to seaborne smuggling, the U.S. began negotiating comprehensive bilateral maritime counternarcotics agreements with several countries. These agreements address a wide range of issues including shipriders, boarding procedures, pursuit and entry, and other initiatives and, once in place, they set the stage for coordinated and standardized interdiction operations. Since 1992, we have signed bilateral Maritime Counternarcotics Agreements with eleven nations bordering the Caribbean basin; we are currently in the process of negotiating bilateral agreements with the UK, the Netherlands, and France. JIATF/East has meanwhile enabled us to develop increasingly effective working relations with the UK and the Netherlands; we are encouraging the French to provide a liaison officer to JIATF/East so we can improve coordination with them also.

In concert with the JIATF program, DoD is developing a series of counternarcotics exercises--Fuerzas Unidas--involving the militaries and civilian counterdrug agencies from the US and several Latin American countries. The exercises will seek to reinforce staff functions and procedures, synchronize communications and connectivity, and improve counterdrug interoperability for the Combined/Joint Interagency Task Force.

#### EFFECTIVENESS: Uneven Progress

Despite this elaborate infrastructure of standards, institutions, and mechanisms, multilateral progress in advancing the hemisphere's counternarcotics objectives has been uneven. Important gaps must be filled and additional initiatives undertaken before the hemisphere can truly demonstrate successful operational coordination against the drug threat. The most promising gains have been made in the area of drug interdiction.

The current successful air bridge denial operation reflects--but on a grander scale--other successful multilateral drug interdiction efforts that dot the history of antidrug efforts in the hemisphere. In recent years, the US worked with Guatemala and other countries to curtail air smuggling operations through Central America. Similarly, by sharing information that allowed focused enforcement efforts, the US, Colombia, and Mexico acted together to bring a relatively quick end to the blossoming trend of jet cargo aircraft transporting multi ton cocaine loads from Colombia into Mexico for distribution to the US.

These successes highlight the fact that interdiction is one of the easiest areas to achieve multilateral cooperation. It produces measurable results and is a relatively politically-safe commitment to drug control. Governments tend to run fewer political risks when they focus on seizing drug shipments than when they attempt to target powerful, politically-connected traffickers and their money, or eliminate drug crops that are grown in insurgent-dominated or otherwise inhospitable territory by large numbers of politically significant cultivators.

Interdiction alone, however, cannot effectively stem the supply of drugs. To do so, requires additional multilateral cooperation in the areas of criminal investigations, anti-money laundering efforts, chemical diversion, and crop control. Multilateral operational progress in these areas has been more problematic. Many countries simply do not have the laws, investigative and regulatory institutions, and information needed to act cooperatively and effectively against the drug threat. For instance, the lack of extradition agreements, or the absence of conspiracy statutes, seriously constrains a country's ability to cooperate in criminal investigations of the leadership of major trafficking organizations. When countries agree to support efforts to attack money laundering or control the sale of precursor chemicals, but only within the confines of their existing laws, they may not have the legal or regulatory flexibility to collect and share data internationally that would help in controlling these problems. And even if they have modern or satisfactory laws, these instruments will go unused if countries lack the institutions and trained staff to implement them. These are complex challenges that require the

application of extremely sophisticated investigative and regulatory skills, and many countries are simply not up to the task.

Crop control also affords opportunities for multilateral cooperation. In recent years, the United States has developed the technology and perfected the tactics--predominantly aerial spraying--for eradicating illicit drug-producing crops. An increasing number of countries are using, or have recently used, this technique successfully: Colombia, Mexico, Panama, Guatemala, and Venezuela. Others have begun or expanded manual eradication: Peru and Bolivia. It is essential, however, to link eradication, especially in heavily cultivated and populated areas, to alternative development. Alternative development provides a safety net to keep displaced growers from returning to the trade and it helps defuse potentially threatening public resistance to crop control programs. Nevertheless, the region lacks a comprehensive alternative development plan that describes viable programs, estimates costs, and identifies funding sources. Consequently, crop control efforts move along haltingly with no clear signal that either aid donors or recipients will sustain efforts long enough to shrink production, discourage growers, and reduce supplies permanently.

#### MOVING AHEAD: Alliance Opportunities That Add Value

We can get more out of our multilateral efforts by closing some gaps, undertaking new initiatives, and strengthening existing institutions, such as CICAD. Making greater use of existing institutions will take advantage of their successes and reduce the costs and duplication associated with creating new ones.

##### Expanded dialogue: UNGA Special Session on Narcotics and a domestic conference

We will expand our dialogue with the international community on how best to respond to the drug threat. For instance, we are supporting the convening next June of the UN General Assembly Special Session on Narcotics, an initiative that responds to a major concern of the Government of Mexico and other Latin American countries and fulfills a Summit of the Americas call "to convene a global counternarcotics conference." The draft agenda focuses on practical outcomes and renewed political will. We intend to emphasize individual countries' responsibilities to pass legislation and establish administrative capacities that will enable them to implement the UN Convention.

We should also improve the dialogue with Congress, academia, and pertinent non-governmental organizations concerning how to improve counternarcotics cooperation and performance in the hemisphere. Because their support and cooperation are essential to the success of our international drug control efforts, we must remain open to their ideas. Improving our dialogue with Congress should be a top priority. ONDCP and the Department of State are working on co-hosting a conference this fall of representatives from US Government agencies, non-governmental organizations, academia, Congress, and elsewhere to explore options and opportunities for improving our international narcotics control efforts.

### Regional Cooperation: Building on the Summits

The President's visits to Central America and the Caribbean provided much-needed impetus to narcotics control, law enforcement, and other key issues. Both regions have responded enthusiastically. On August 15, Attorney General Reno and ONDCP Director McCaffrey chaired a Central American Ministerial Conference in Washington that resulted in pledges to cooperate to make the region's legal systems more compatible and to forge alliances that transcended traditional donor/recipient bilateral relations. In a similar vein, the United States Government and Caribbean Community and Common Market (CARICOM) have agreed to form two joint committees to further our cooperation on common concerns: one on development, finance, and environment issues, the other on justice and security matters. Already the justice and security committee has begun addressing such matters as counternarcotics cooperation, arms trafficking controls, and improved procedures for returning criminal aliens. The Caribbean countries are currently considering a draft regional maritime counterdrug agreement that would broaden the legal basis for maritime cooperation.

### Interdiction: Multinational Counternarcotics Center

Some of the best prospects for enhanced cooperation continue to be in the area of interdiction. The formation of a multinational counternarcotics center (MCC) would enhance cooperative law enforcement efforts in the region. It could tie together discrete, subregional interdiction operations that occur simultaneously throughout the hemisphere. It could help inventory and allocate resources so that high-cost government assets are employed efficiently. And it could become a center for sharing intelligence and experience and for testing tactical innovations.

To secure hemispheric endorsement, however, such a center would have to be responsive to hemispheric concerns. Civilian agency control would help blunt allegations that the center is a vehicle for militarizing Latin American drug efforts. While Latin American militaries can have important roles to play in terms of providing intelligence, security, and logistical support for counterdrug operations, they do not have the lead. An MCC under civilian leadership would also be in a better position to provide broader support that reaches beyond interdiction to support for and training in criminal investigations, anti-money laundering, and chemical control operations.

### Law Enforcement Training: ILEA South

The United States is also creating an International Law Enforcement Academy (ILEA) for the region. At his Central American Summit, President Clinton promised to establish the ILEA before the end of 1997. Modeled after our highly successful Budapest ILEA for Eastern Europe, ILEA South would be a US-funded and managed training center for mid and upper level Latin American law enforcement officials.

The academy would serve the interests of the United States and all participating Latin American and European countries in several ways. It would establish and expand the long-term liaison relationships among foreign law enforcement officials that are critical to combatting international criminal activity, support democracy by stressing the rule of law in international and domestic police operations, and raise the professionalism of career anticrime officials. In addition to focusing on law enforcement authorities, the curriculum may offer specialized courses for prosecutors. To further enhance its multilateral appeal and broad regional participation, the academy would employ the "visiting faculty" concept and involve the Latin Americans in developing the curriculum.

#### Judicial Modernization: Latin American Judicial Center

The failure of the judicial systems to keep pace with the improving efforts of the police has been one of the region's most glaring narcotics control deficits. The significant investment we have made in police training over the years--DEA, FBI, Customs, and Coast Guard train thousands of Latin American officials annually--is paying off; investigators, for instance, are increasingly demonstrating their ability to identify, develop evidence on, and apprehend leading traffickers. But too often this hard work dissipates in over-burdened, antiquated, or corrupt prosecutors offices and courts where guilty traffickers either walk or receive only token sentences. Nothing can be more devastating to the morale and commitment of the frontline authorities.

We must, therefore, assess the need to reinforce ongoing efforts at reform of prosecutorial and judicial systems. On the judicial side, there is steady demand for assistance from US organizations such as the Federal Judicial Center (FJC) in the design of training programs for judges and court personnel and in the reconfiguration of judicial structures. Other donors, such as the World Bank and the Inter-American Development Bank, already seek FJC assistance in their own projects in the region. The establishment of a Judicial Center in Latin America which could provide such services to a larger number of potential users would offer a valuable boost to judicial reform at this time.

Creation of this center should occur in tandem with a wide range of law enforcement and judicial enhancements--from ensuring the enactment of more sophisticated antidrug laws to creating a secure climate so judges can rule fairly without fearing retaliation--tailored to each country's needs. Embedded in this is the need to implement mutual legal assistance and other agreements that will foster safe exchanges of evidence and witnesses, provisional arrests, extraditions, and other measures to facilitate international cooperation among judicial institutions. The benefits of such measures will reach far beyond narcotics control to the whole concept of rule of law and democratization.

Assistance Coordination: Between and among donors and recipients

Increasing interest in the Latin American drug problem and the expanding demand for counterdrug resources necessitate much closer cooperation among aid donors and recipients. Multilateralism assumes, in part, that antidrug efforts among countries should move in pace so that gains in one country are not offset by setbacks in another. Similarly, assistance provided by donors should be complementary or additive, not redundant. The Dublin Group and CICAD are two excellent foci for developing more comprehensive, coordinated, and long-term multilateral assistance strategies.

Alternative Development Assistance: World Bank-sponsored conference

Alternative development--which we link to comprehensive crop control strategies--has been a persistent concern throughout Latin America. The region has still not fulfilled the Miami Summit's call to convene a conference of donors to seek resources for alternative development programs. But the climate is improving. Both the World Bank and the Inter-American Development Bank now recognize narcotics control as a necessary part of overall development goals of several Latin American countries. With the US now backing a limited but highly effective alternative development program in Peru, and several of the region's governments making a stronger commitment to eradication, this is a good time to revisit this concept with a regional conference focused on concrete programs and objectives.

Chemicals: Enhancing the regulatory effort

Controlling the diversion of precursor and essential chemicals poses unique problems because of the involvement--witting or otherwise--of legitimate companies. Many countries therefore tend to approach the regulation of this problem more as a commercial than law enforcement issue, with the inherent bias towards facilitating commerce and protecting trade secrets, privacy, and the like. This creates enormous problems for law enforcement organizations responsible for investigating and prosecuting chemical diversion cases.

Two low-cost initiatives, however, could greatly enhance multilateral enforcement cooperation against chemical diversions. First is improved data collection and dissemination on the production, sale, shipment, and use internationally of precursor and essential chemicals. This would make it easier for authorities to spot suspicious flows and transactions and target firms suspected of abetting this trade. Most countries already possess such data, and CICAD is developing a data base to store and analyze it. To make the database useful, however, certain European and Latin American countries would have to permit greater access to this type of information. The United States has urged the concept of multilateral chemical information sharing at two recent international conferences and will champion the concept again at a meeting in Lisbon this October.

Second, governments should improve coordination between regulators and enforcers by closing the knowledge and procedural gaps that separate the way they view and approach the chemical diversion problem. This could be accomplished at the multilateral level by addressing this problem in the curricula of the proposed law enforcement academy and judicial center and incorporating it into other specialized chemical control training programs.

#### Money Laundering: Increasing the Pressure on Money Launderers

Several multilateral and bilateral initiatives since the Summit of the Americas have focused on getting governments to put more effective laws and mechanisms in place to combat money laundering. To sustain this momentum, the hemisphere should support the concept of mutual evaluations involving on-site assessments of a country's money laundering regime by a team of experts from other countries. Mutual evaluations already are part of the CFATF program. The CICAD experts group on money laundering has undertaken initial discussion of the concept, and we should press to have it applied to the entire hemisphere.

Another important initiative is for each country to create, develop, and expand the use of Financial Intelligence Units (FIUs) as part of its national anti-money laundering system. Moreover, the countries should encourage cooperation between and among these units, including through the Egmont Group, an informal international group of FIUs. National FIUs, in coordination with the Egmont Group, may then become focal points for exchanging financial data between and among nations and for sharing expertise on money laundering methods and techniques. The CICAD experts group on money laundering has agreed to recommend that the CICAD review its model money laundering regulations to include a provision encouraging the establishment of FIUs as defined by the Egmont Group. Beyond these steps, there is considerable need to provide training and technical assistance to regulators, analysts, investigators, prosecutors, and judicial authorities so that they can detect money laundering and investigate and prosecute such crimes better. CICAD, CFATF, and the Egmont Group can help address this need as well as help foster closer coordination among investigators, prosecutors, and financial regulators.

#### Data: Improved collection and dissemination

Operational planning and assessment cannot proceed effectively without adequate data. Many countries in the region have, at best, only rudimentary statistics on, for instance, drug use, production, seizures, arrests, and money and chemical flows. Moreover, substantial amounts of raw data, such as a region-wide survey of the status of judicial reform efforts, have not been compiled and maintained in a usable form that would help countries develop their institutions. CICAD, in its implementation plan for the Antidrug Strategy in the Hemisphere, has identified the importance of filling data gaps and linking national data bases together to promote the exchange of information.

## Multilateral Monitoring and Assessment: Exploring the Prospects

A mark of multilateral institutional development is an ability to monitor and assess national progress toward agreed goals and to therefore encourage higher levels of achievement. NATO, the OECD, the IMF, and other institutions have such mechanisms. Within the OAS structure, there are multilateral mechanisms to monitor and assess national adherence to human rights standards in individual cases. Hemispheric governments also participate in the process of multilateral monitoring and assessment of work on money laundering through the Financial Action Task Force and the Caribbean Financial Action Task Force. By participating in this multilateral effort to combat money laundering, participating nations also derive benefits from improved financial regulation and added security for the banking industry.

Creation of a formal process of multilateral monitoring and assessment within the framework of a hemispheric counterdrug alliance, however, poses complicated challenges. The agreed goals would have to be substantive and far reaching, otherwise they would have little effect on deterring production and reducing demand. We are still well short of this level of agreement. We are currently a long way from agreeing on measures of effectiveness, how to assess them, and what remedies to apply when countries do not meet expected standards. We have had only preliminary discussions about an assessment process, and reactions so far indicate that agreement may be difficult to achieve.

Such a forum, if achievable, would provide a valuable venue to express and consult on concerns that can now be conveyed only through bilateral channels. With appropriate resources, such a process could become a valuable source of expertise and authoritative comparative data. Building on this basis, and shared experience, we will seek in the coming months to promote support for the concept of a multilateral process of reporting and monitoring of achievements of agreed national goals in the counternarcotics area.

### OVERCOMING THE BARRIERS: Enhancing Will and Ability

Creating a regional antinarcotics alliance that moves beyond the development of standards and institutions to the levels of program implementation, review, and evaluation will remain a tough sell despite these initiatives. The keys to success will continue to be ensuring that countries have both the ability and will to confront the most critical--and politically challenging--targets. The barriers that have historically impeded efforts to enhance the region's ability and will are steadily crumbling. Corruption is one of the more serious barriers. If institutionalized at a high level, narcotics-related corruption threatens the rule of law and fundamental democratic and free market institutions.

While corruption will likely remain an enduring challenge, it is not an insurmountable problem. We have seen in example after example that it cannot survive in the bright light of public exposure. Accordingly, we will continue to make this threat a public issue throughout

the hemisphere and support serious efforts to expose and confront it. Our policy on narcotics corruption is clear: it can have the most damaging effects on our bilateral relations, we will make finding it a top priority, and, if the evidence is solid and we can protect sources and methods, we will not hesitate to expose it.

The Inter-American Convention Against Corruption helps in this regard. A Summit of the Americas initiative, this Convention was adopted in March 1996 and reflects the growing commitment of all nations in the hemisphere to fight this insidious threat. While wide-ranging in its application, it specifically addresses corruption arising from narcotics trafficking. It calls on the parties to consider creating, maintaining, and strengthening "oversight bodies with a view to implementing modern mechanisms for preventing, detecting, punishing and eradicating corrupt acts." The Convention further recognizes the condition of "transnational bribery" and it pledges countries, within the context of their existing laws, to make the offenses under the Convention extraditable.

We will continue to work with the region's governments to fight the drug threat by providing the resources and training that result in stronger, more effective counternarcotics institutions capable of achieving better results across the board: interdiction; investigations, arrests, prosecutions and convictions; asset seizure and forfeiture; regulation of financial institutions; chemical controls; crop reduction; public awareness; and demand reduction. After a long period when our counternarcotics budgets for the region were straight-lined or cut, we are now beginning to get the funding we need to take advantage of new opportunities, launch new initiatives, refortify our most effective programs, and demonstrate our commitment to the region's most loyal antinarcotics units.

Improved ability usually translates into improved will: if governments are more confident of success, they are more likely to act. But governments must also act in their self-interest. And much of this strategy is intended to demonstrate that because the countries of the hemisphere share the narcotics threat, it is in our mutual interest to act together. In addition to overcoming corruption, governments must have a sense of ownership in the hemispheric antinarcotics effort and clear objectives.

We have worked together to engender ownership at several levels. Regionalizing discussions on counternarcotics has increased and the issue appears consistently on the agenda of summit meetings. In this spirit, we will propose a counternarcotics hemispheric implementation monitoring process for the Santiago Summit. As with the JIATFs, CFATF, and the proposed law enforcement academy, judicial center, and multinational counternarcotics center, we will work to ensure direct involvement of hemispheric governments in the planning, development, and operations of operational organizations.

We are similarly committed to the principles of transparency and to having governments work, individually and collectively, toward clearly defined and agreed-upon goals. The United States has undertaken several steps over the past two years to ensure that

this principle is reflected in our bilateral relations. For example, we provide all of the major drug producing and transit countries in the region a clear statement of our precise narcotics control interests and the cooperative efforts needed to achieve them. We further provide them a mid-year progress report, and invite their comments, reactions, and suggestions for improvements, if necessary.

It is imperative that we keep the countries of the region engaged in substantive dialogue so that we do not lose sight of our common interests. This effort could include meetings centered on specific themes or problem areas such as sharing of forfeited assets, crop control, money laundering legislation, adoption and application of improved investigative techniques such as controlled deliveries or the use of informants, and drug abuse awareness and treatment. Such dialogue will illuminate areas of concern and weaknesses in our cooperative efforts, while giving the participating countries a stake in the goals and objectives of the hemispheric counterdrug strategy and the specific actions each country must take to achieve them.

#### THE CULMINATING ALLIANCE: Moving Forward at Santiago

As a result of the agreements achieved at the 1994 Miami Summit and elsewhere, we are steadily building toward a counternarcotics alliance in the hemisphere. Together, we have achieved the initial stages of the alliance-building process. The process began with the creation of goals and standards articulated, for instance, in the 1988 UN Convention, the Buenos Aires Money Laundering Communique, and the Antidrug Strategy in the Hemisphere, and continues with the development of an implementation process primarily through CICAD, CFATF, and the Dublin Group.

We will seek to build on this progress in Santiago, focusing on the next stages of alliance-development: creation of measures of effectiveness and institution of an evaluation process. We are, for instance, proposing an action item that commits governments to "develop comprehensive national drug plans to counter the production, trafficking, and consumption of illicit narcotics that include goals, objectives, and methods for evaluating progress." And we are further proposing that the region's governments, "working through the OAS/CICAD, establish a hemispheric-wide multilateral group to monitor progress in implementation of national plans and to promote opportunities for enhanced hemispheric cooperation, as part of an effort to establish a hemispheric alliance."

It will take time and patience for 34 countries to reach agreement on fair but substantive measures of effectiveness and methods to judge whether governments are achieving them. Nevertheless, the progress we have made towards achieving some of the Miami Summit's lofty goals gives us the confidence to pursue these objectives and keep the multilateral momentum moving forward.

Nationally, bilaterally, and multilaterally, the United States Government will continue to lead the process of counternarcotics cooperation in the hemisphere. Our own efforts, domestically on demand and supply reduction, and internationally in law enforcement and alternative development, will stimulate and support common action. The achievement of a hemispheric alliance will not justify a diminution of national efforts. It will, however, permit these efforts to be pursued more cooperatively and effectively.

**U.S. CUSTOMS SERVICE**

**Report to Congress  
September 1997**

**ENHANCED TRUCK INSPECTIONS**

## **PURPOSE**

Inquiries and concern have been expressed by Members of Congress regarding the number of commercial conveyance (trucks and railcars) inspections at ports of entry along the Southwest border. This document has been generated to assess and outline the nature and volume of commercial trade, the number of commercial conveyance arrivals, examination rates, and the commercial cargo examination process and associated results. Additionally, the following document also provides an assessment of the feasibility of enhancing the number and quality of commercial conveyance and cargo examinations at Southwest Border ports of entry.

## **OVERVIEW**

The United States and Mexico share a border that is over 2,000 miles in length. America's economic welfare is enhanced by the efficient movement of legitimate commerce and people through 39 crossings within the 24 ports of entry that exist along the Southwest Border. In 1996, 254 million people, 75 million cars and 3.5 million trucks and rail cars entered the United States from Mexico. This volume of traffic represents a window of opportunity for those that would smuggle illegal drugs into the United States.

In FY 1997 total enacted funding for federal drug control activities along the Southwest Border was approximately \$1.7 billion, supporting over 7,700 special agents. However, less than 1,000 of these law enforcement officers are solely dedicated to conducting commercial conveyance and commercial cargo examinations at ports of entry along the Southwest Border. A comprehensive program designed to enhance the number and quality of commercial cargo conveyance examinations is in the early stages of implementation. This program includes improvements in port of entry infrastructure, enhanced examination methods, upgraded technology, partnerships with industry and use of sophisticated intelligence gathering methods, to more efficiently profile and target drug smugglers.

## **BACKGROUND**

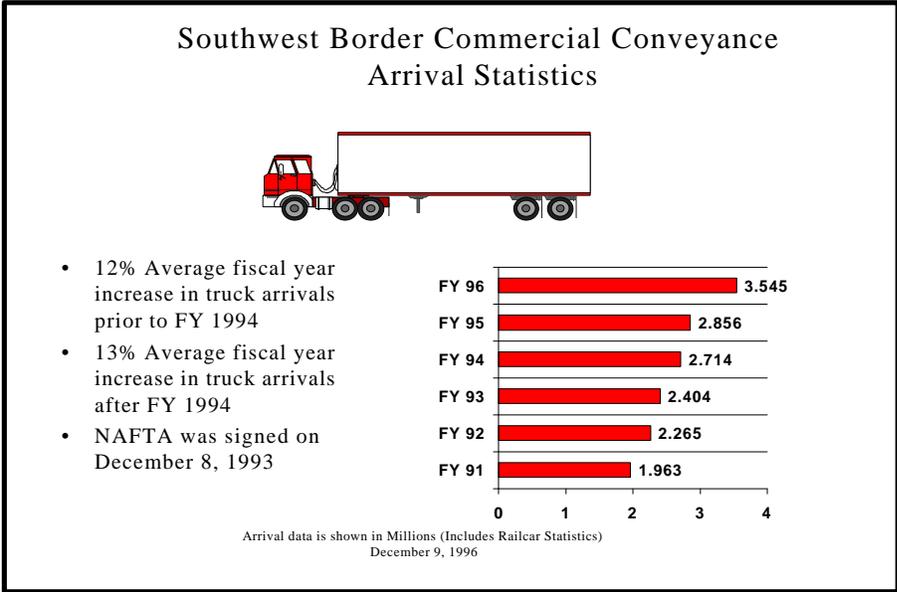
The North American Free Trade Agreement (NAFTA), economic reform in Mexico, and expanding numbers of twin-plant (maquilladora) operations, have increased the amount of commercial cargo passing between Mexico and the United States. The volume of trade between the United States and Mexico has increased 122% since 1990, from a level of 59 billion dollars to almost 130 billion dollars in 1996 (see figure 1).

One sign of Mexico's importance as a trade partner of the United States is the growth of twin-plant (maquilladora) operations along or near the Southwest Border. Maquilladora assembly operations on both sides depend on the time sensitive movement of goods and merchandise at various stages of assembly across the border between plants located in Mexico and in the United States. Over 2600 maquilladoras on the Mexican side of the border are working closely with their U.S.-based counterparts in a mutual effort to manufacture products for worldwide distribution.



**Figure 1 (Source: USTR, Department of Commerce)**

Over the last 6 years, the volume of inbound commercial traffic (trucks and rail cars) has nearly doubled, increasing from 1.9 million arrivals in 1991 to over 3.5 million arrivals in 1996 along the Southwest Border (see figure 2). In 1996 alone, the United States experienced a 25% increase in the number of commercial conveyances entering the United States from Mexico. Since 1992, the number of rail cars entering the U.S. has increased 55% percent from 184,000 to over 285,000 rail car arrivals last year. This represents a significant increase in a particularly high-risk environment where little or no technological inspection advances have been made.



**Figure 2** (Source: U.S. Customs Service)

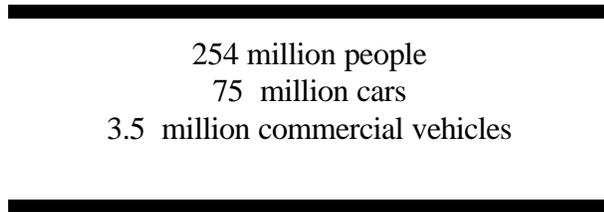
A wide diversity of commercial conveyances and merchandise enter the United States from Mexico. Border inspectors encounter a vast range of varying tractor-trailer combinations including double-wall propane tankers, frozen commodity trailers, bulk trailers, flat-beds, and conventional box trailers, some of which measure in excess of 70 feet in length. These conveyances haul a wide array of difficult to examine merchandise including frozen fish, frozen and fresh produce, scrap metal, and bulk commodities such as gravel, soy beans, charcoal, cement and clothing. Various forms of natural ore and hazardous and caustic materials such as acid, liquid fuel, propane, butane and various manufacturing waste byproducts are also routinely crossing the Southwest Border into the United States.

At the Customs Port of Laredo, Texas, about 4,000 trucks enter the United States during a normal 16 hour cargo operation. At one bridge, trucks spend up to six hours waiting in line to cross the border.

The high congestion of truck traffic entering the United States is, in part, a result of restrictions imposed by both the United States and Mexico on cross border motor carrier operation. U.S. trucks transporting goods from the U.S. into Mexico must stop on the U.S. side of the border and transfer cargo to a Mexican truck in order to continue the trip across the border. Similarly, Mexican trucks entering the U.S. with cargo must stop on the U.S. side of the border and transfer cargo to a U.S. truck for final transportation to the ultimate destination in the United States. As a result, over 50% of commercial trucks enter the United States empty, contributing to border congestion and increasing the inspection burden for border agencies. Implementation of NAFTA provisions phasing out land transportation restrictions has been delayed. The level of commercial trade originating in Mexico that enters the United States is projected to steadily increase in the future, with a corresponding increase in truck traffic.

In addition to the increase in commercial cargo activity, as evidenced by over 3.5 million truck arrivals, border congestion is further complicated by the number of pedestrians, passengers, and passenger vehicles that enter the United States at ports of entry along the Southwest Border. Our Southwest Border with Mexico has the largest volume of cross border movement of any border in the world.

**1996 Land Border Traffic Volumes Arriving From Mexico to the U.S.**



**Figure 3** ( Source: U.S. Customs Service)

Commercial conveyances are capable of transporting thousands of pounds of narcotics in just one border crossing, while easily blending in with legitimate trucks. This threat is compounded by the wide variety of commodities and conveyances utilized by drug smugglers. Port of entry operations seek to prevent narcotics smuggling without unnecessarily impeding the flow of legitimate trade. Narcotics enforcement, however, comes first, even if trade facilitation suffers when counter narcotics operations slow the flow of commerce.

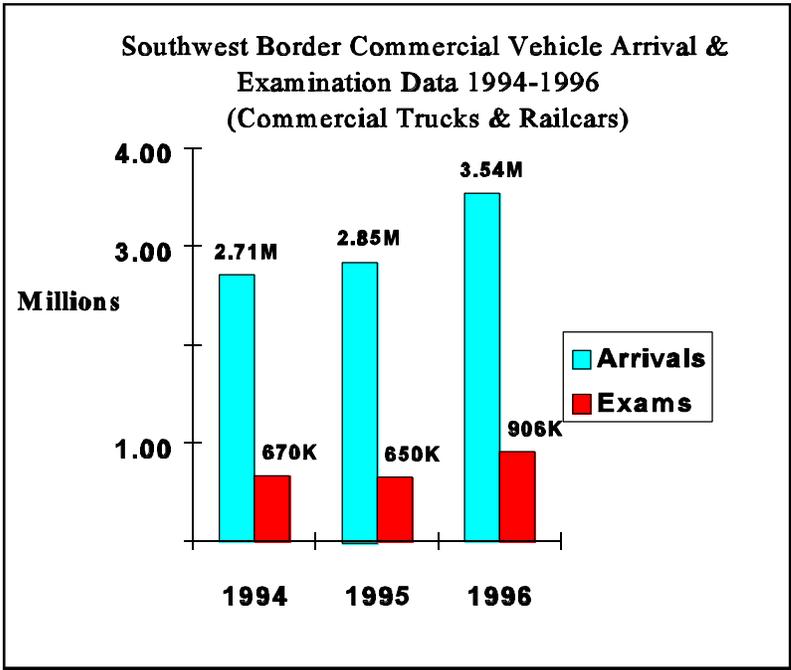
The intensification of multi-agency enforcement operations within and between Southwest Border ports of entry (i.e., Operations HARD LINE, GATEKEEPER, and HOLD-THE-LINE) increases the narcotics smuggling threat within the ports, particularly in the commercial cargo environment. If easier avenues of smuggling between and through the ports of entry can be removed as options, smuggling organizations will rely more heavily on using the wide array of cargo transported through the ports of entry to smuggle narcotics.

This situation is further complicated by the varying condition and design of commercial facilities along the Southwest Border. Facilities range from state-of-the-art commercial facilities located in Laredo (Colombia Bridge) and Pharr, Texas, and Calexico, California, to a hand-drawn ferry crossing located in Los Ebanos, Texas.

**ENFORCEMENT STRATEGY AND CAPABILITY TODAY**

On average, a commercial truck enters the United States from Mexico every 5 seconds. It is not possible to examine 100% of the 3.5 million commercial cargo conveyances that enter the United States each year. To achieve this capability would require an estimated 11,000 additional Customs Inspectors along the Southwest Border; larger, more advanced examination facilities; and a significantly greater investment in non-intrusive inspection technology. However, the federal government has addressed the increasing threat narcotics smugglers pose by

increasing inspections of commercial cargo and conveyances. Over 25% (906,000) of the 3.5 million commercial conveyances that entered the United States in 1996 were subjected to a strictly defined narcotics enforcement examination (figure 4).



**Figure 4 (Source: U.S. Customs)**

In order for an examination to qualify as a narcotics examination, a commercial conveyance and/or loaded container must receive, at a minimum, the following inspection: Enough cargo must be unloaded to permit access to the front wall and sides of the truck or trailer, and the cargo which has been unladen will be examined. A minimum of 20 percent of the shipment must be examined. A six-point inspection of the conveyance, including canine, tractor/cab/interior/engine compartment search; search of the front, side, roof, floor, and undercarriage of the trailer/container; examination of fuel tanks, air tanks, tires, and fifth wheel/king plate area. The use of high- or low-tech tools in the examination of cartons may negate the requirement that the cartons be physically opened for inspection. The decision to open the carton or container rests with the inspector or can be covered by local policy.

Last year approximately 11% (215,499) of the full commercial conveyances entering the United States, and 43% (690,589) of the empty commercial conveyances entering the United States were examined according to the aforementioned narcotics enforcement examination definition. It is important to note that the above narcotics enforcement examination definition mandates the minimum off-loading of 20% of a loaded conveyance’s cargo. There is a major difference in the manpower and resources required to examine a loaded conveyance as opposed to those required to examine an empty commercial

conveyance arriving from Mexico. Conducting even a minimum 20% examination of a commercial cargo shipment can prove to be quite a daunting, labor intensive, and time consuming task considering the wide array of difficult to examine commodities encountered in the Southwest Border commercial cargo environment as previously outlined in this report. In 1996, these aforementioned efforts resulted in 56 narcotics seizures totaling nearly 40,000 pounds of cocaine and marijuana. Narcotics have been discovered inside false walls, floors, roofs, king plate, engine and cab compartments, as well as inside air and fuel tanks, of trucks entering the United States from Mexico. So far in 1997, 76% (42) of the seizures made in the Southwest Border commercial cargo environment were discovered concealed within the actual commercial conveyance (which includes the truck and trailer), not in the actual cargo. Additionally, 47% (26) of the seizures in the Southwest Border commercial cargo environment were concealed inside trailers or rail cars that were empty.

Although the increase in commercial conveyance and cargo examinations conducted last year is an achievement in and of itself, the challenge is to increase the quantity, quality and subsequent effectiveness of those examinations in the future.

### **FUTURE ENFORCEMENT STRATEGY AND CAPABILITY**

The federal government is in the early stages of a comprehensive program that will enhance the quantity and quality of commercial conveyance and cargo examinations along the Southwest Border. This program will combine improvements in all of the major components of the cargo examination process (Figure 5).

- 
- Capital and Infrastructure Improvements
  - Examination Methods
  - Technological Examination Enhancements
  - Industry Partnerships
  - Targeting/Intelligence
- 

**Figure 5** Components of the commercial cargo examination process (Source: U.S. Customs Service)

- **CAPITAL AND INFRASTRUCTURE IMPROVEMENTS**

In 1988, the federal government embarked on a Southwest border capital improvement plan to improve existing ports and design new state-of-the-art cargo examination facilities at new ports of entry along the Southwest border. This improvement plan resulted in a 600% increase in available dock examination space, the construction of hazardous material containment areas, scrap metal examination bunkers, new office space, and computer and automation improvements. Figure 6 depicts capital improvements projects that have been completed since 1988.

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Invested over \$ 1/2 billion to improve existing ports and construct new ports of entry at:

- Colombia Bridge, Texas (Laredo cargo facility)
  - Brownsville (Gateway) (Brownsville cargo facility)
  - Los Indios, Texas (Brownsville cargo facility)
  - Pharr, Texas (Hidalgo cargo facility)
  - El Paso, Texas (Ysleta & Bridge of the Americas cargo facilities)
  - Nogales, Arizona (Mariposa cargo facility)
  - Calexico, California (East cargo facility)
  - Otay Mesa, California (San Ysidro cargo facility)
- 

**Figure 6 SWB capital improvements initiated and completed since 1988**  
(Source: U.S. Customs Service)

Additional existing facilities are scheduled to be improved and new ports of entry are scheduled to be constructed in the next 1-3 years (Figure 7).

### **Future Southwest Border capital improvements (Completed by the year 2000)**

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#### **New Ports of Entry**

Los Tomates (Brownsville, Texas)

#### **Existing Port of Entry Improvements**

Eagle Pass, Texas (Replaces existing facility)      Nogales, Arizona (Mariposa Cargo Facility Redesign)

Tecate, California (Replaces existing facility)

Santa Teresa, New Mexico

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**Figure 7 (Source: U.S. Customs Service)**

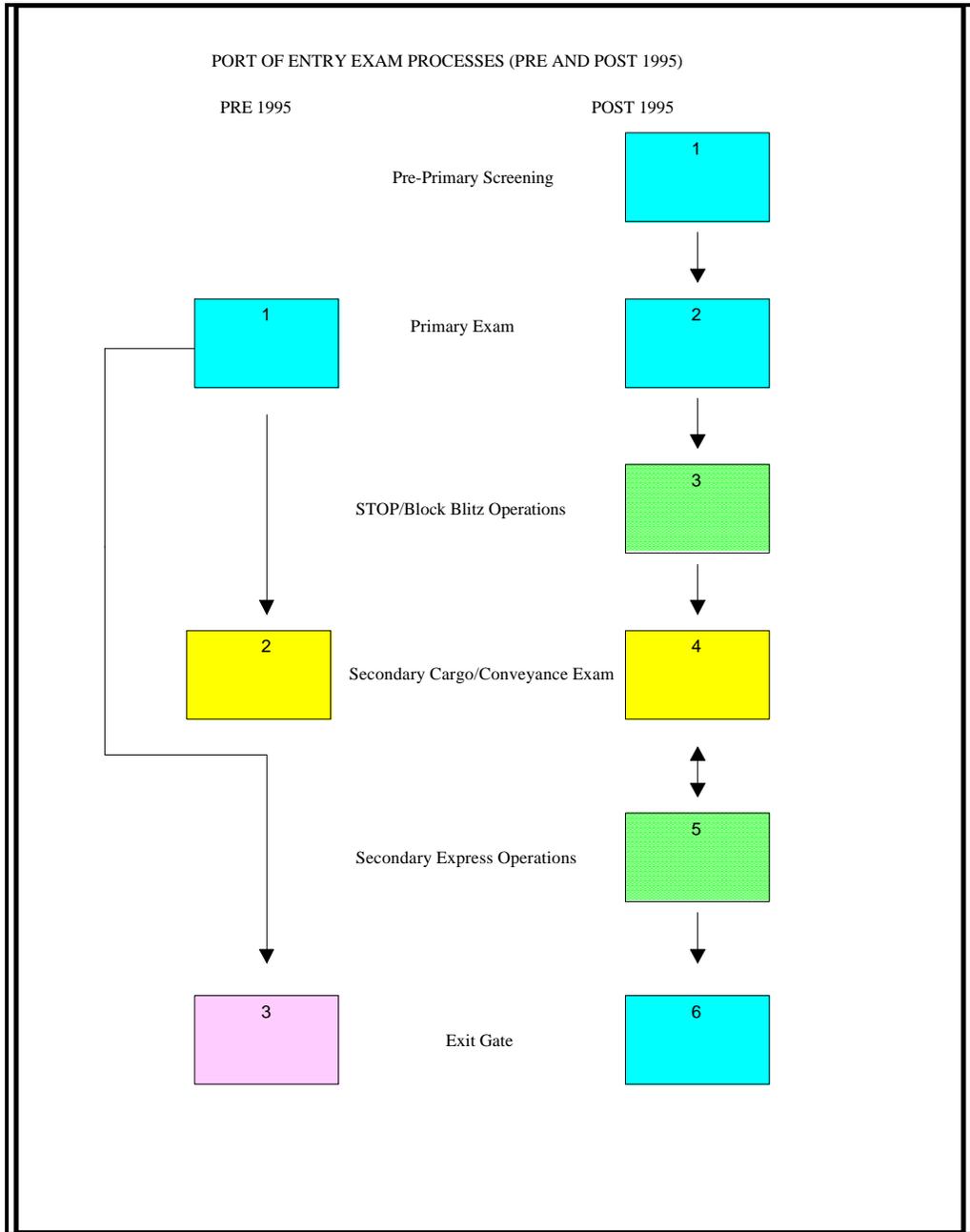
In addition to capital improvements, Southwest Border port of entry infrastructure improvements have been implemented. Equipment acquired under this initiative includes Stop-Sticks (controlled tire deflation tools to help control vehicle traffic), improved lighting, concrete barriers and bollards, speed bumps, and fencing. These items have been installed in order to improve the security at Southwest border ports of entry. Along with these security enhancements, altered commercial conveyance processing procedures have been implemented.

- **EXAMINATION METHODS**

Prior to 1995 the Federal government typically conducted one initial enforcement screening of commercial conveyances as they entered the United States at the initial border inspection checkpoint (primary examination). During the primary

examination, Inspectors either released the commercial conveyance to exit the facility and enter the U.S., or the conveyance and cargo were designated for a more intrusive intensive examination at the cargo dock (secondary examination). These were the only two examination options available until 1995. In 1995, the Federal government instituted a new layered examination concept which consists of numerous over-lapping, random, and flexible enforcement examination processes including pre- and post-primary roving enforcement operations (Teams of Inspectors and Canine Officers conducting narcotics enforcement screenings of trucks in line before and immediately after the initial primary checkpoint), Southwest Border Team Oriented Processing (STOP), Secondary Express, and Block-Blitz operations (Teams of Inspectors and Canine Officers conducting more thorough enforcement screenings of commercial conveyances within the cargo facility), and Exit Gate enforcement operations (final enforcement screenings, document review, canine exam, etc.). All of these aforementioned examinations are conducted in a flexible manner using all available tools and technology such as drills, scopes, density detection devices, and canine assets. In conjunction with these layered examinations, the federal government implemented narcotics enforcement examination standards which include a mandatory six-point examination of the conveyance and, if applicable, a minimum off-load and examination of 20% of any associated cargo. This narcotics enforcement examination is conducted during a complete secondary conveyance/cargo examination at the enforcement examination dock within the Southwest Border ports of entry. As a result of these new “layered examination” procedures, all conveyances that enter a Southwest Border port of entry are now being subjected to a greater number of narcotics enforcement screenings and examinations than in the past. Not only does this layered approach allow for more opportunities to examine the conveyances, it also increases the intensity of these examinations.

Figure 8 indicates pre- and post-1995 commercial cargo conveyance examination procedures. Note that a commercial conveyance can be subjected to any combination of these examinations at any given point in the port of entry. In the future these layered examination procedures will be enhanced with “layered technology examinations.” These layered technology examinations will utilize multiple imaging systems (fixed and mobile) to compound the level of narcotics enforcement scrutiny commercial conveyances receive.

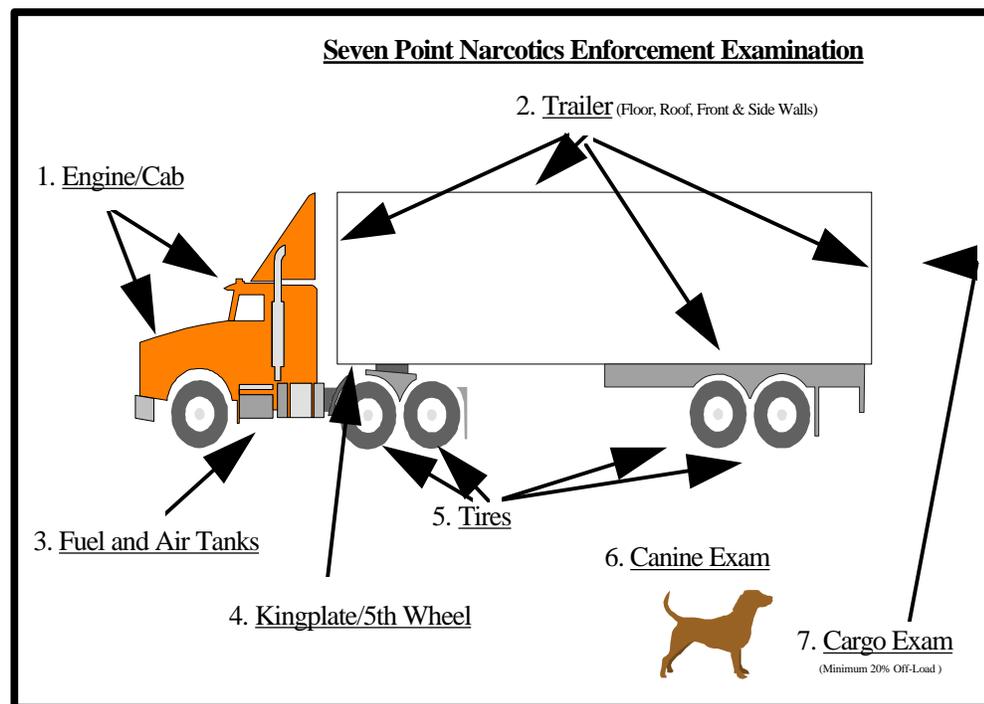


**Figure 8 Pre and Post 1995 Commercial cargo examination procedures (Source: U.S. Customs)**

Figure 9 below indicates the seven major areas of concentration for a narcotics enforcement examination.

Tractor-trailers are capable of concealing thousands of pounds of narcotics in numerous areas. False wall and floor compartments are capable of containing in excess of 5,000 pounds of narcotics. Fuel tanks are able to conceal up to 500 pounds and tires are capable of containing up to 300 pounds of narcotics. To date several multiple thousand pound narcotics seizures have been discovered in the king plate, floor, roof, and false-wall compartments of trailers arriving from Mexico in Otay Mesa and Tecate, California; Pharr, Texas, and Santa Teresa, New

Mexico. Additionally, multi-hundred pound seizures of narcotics concealed in fuel and air tanks, tires, and cab compartments of trucks arriving from Mexico have been made in Otay Mesa and Calexico, California; Nogales, Arizona; Santa Teresa, New Mexico; and Laredo and Pharr, Texas.



**Figure 9** (Source: U.S. Customs)

Layered examinations significantly increase the federal government's narcotics enforcement capability within the Southwest Border cargo import lots. These enforcement operations increase the number and magnitude of narcotics screenings and enforcement examinations that commercial conveyances are subjected to as they traverse a port of entry and enter the United States.

All port of entry capital improvement initiatives are designed to provide port facilities that complement and support the layered examination process. Existing ports are being redesigned to facilitate layered examination process.

The layered examination procedures have proven to be successful. The federal government has increased narcotics seizures in the commercial cargo environment since the inception of the layered examination concept in 1995. In 1996, the total weight of narcotics seized in the commercial cargo environment more than doubled over 1995 seizure levels. Additionally, seizures have continued to increase. Through 10 months of this year, the federal government has nearly equaled 1996 seizure levels in the Southwest Border commercial cargo environment. Figure 10 depicts seizure statistics in the commercial cargo environment in 1995, 1996, and 1997 (to date).

**RESULTS**

(Seizures in the Southwest Border Commercial Cargo Environment)

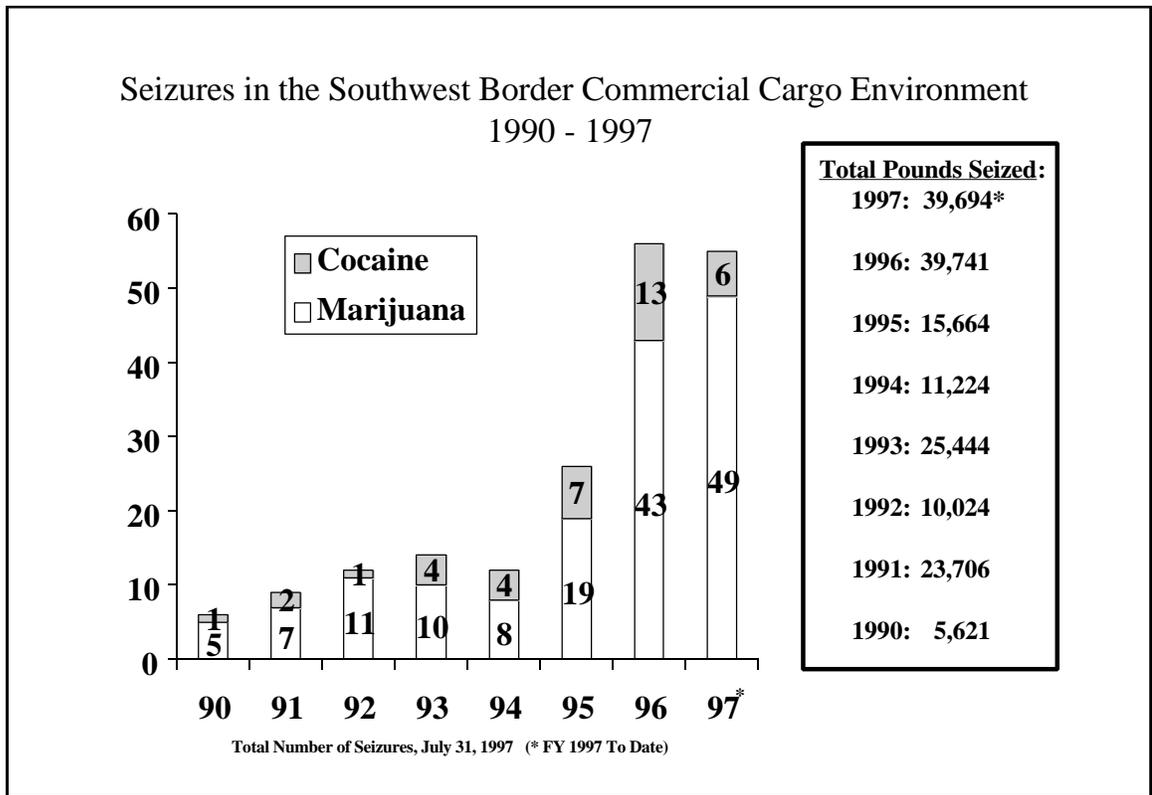
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|                           |  |
|---------------------------|--|
| <b>FY97:</b><br>(To date) | 55 narcotics seizures totaling over 39,000 pounds.<br>(Marijuana 37,311 lbs./ Cocaine 2,383 lbs)           |
| <b>FY96:</b>              | 56 narcotics seizures totaling approximately 40,000 pounds<br>(Marijuana 24,627 lbs./ Cocaine 15,114 lbs.) |
| <b>FY95:</b>              | 26 narcotics seizures totaling approximately 16,000 pounds<br>(Marijuana 12,475 lbs./ Cocaine 3,189 lbs.)  |

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**Figure 10** (Source: U.S. Customs Service)

There has been a steady increase in the number of seizures and the quantity of total narcotics seized in the Southwest Border commercial cargo environment. Narcotics Seizures have increased over 600% from a low of 5,600 pounds in 1990 to a level of almost 40,000 pounds in 1996 (see figure 11 on the next page).



**Figure 11 (Source: U.S. Customs)**

The increase in narcotics seizures depicts the success of these capital improvements, infrastructure/security enhancements, and new “layered examination” commercial conveyance enforcement examination processing.

- **TECHNOLOGICAL EXAMINATION ENHANCEMENTS**

The lack of technologically advanced inspection equipment is a critical factor in the hindrance of the federal government’s ability to perform commercial conveyance and cargo examinations at Southwest Border ports of entry.

The federal government is utilizing large scale non-intrusive inspection systems (mobile and fixed site) at major Southwest Border cargo processing facilities to improve the number and intensity of commercial cargo examinations. Currently, there are two large-scale, fixed-site truck x-ray facilities in operation in Otay Mesa and Calexico, California. These technological advances combined with capital and infrastructure improvements and the increased availability and use of high-technology examination equipment have contributed to the increase in drug seizures in the commercial cargo environment. Since the installation of the truck x-ray system in Otay Mesa, California, in FY 95, that system alone has accounted for 140 narcotics seizures totaling over 30,000 pounds of narcotics. The impact of technology is further evidenced by the fact that in FY 97 (to date) 55% of the seizures made in the Southwest Border commercial cargo environment have occurred in the two ports that have fully operational fixed-site truck x-ray systems (Otay Mesa and Calexico, California).

In an effort to expand on the success of this non-intrusive inspection equipment, the federal government is currently in the process of acquiring six additional fixed-site truck x-ray units for major cargo processing facilities along the border as indicated in Figure 12.

| <u>Truck x-ray locations</u> | <u>Date of Operation</u> |
|------------------------------|--------------------------|
| Otay Mesa                    | 8/95                     |
| Calexico                     | 3/97                     |
| Pharr                        | 10/97                    |
| El Paso (Ysleta)             | 12/97                    |
| El Paso (BOTA)               | 5/98                     |
| Nogales (Mariposa)           | 8/98                     |
| Laredo (Columbia Bridge)     | 9/98                     |
| Los Tomates*                 | 3/99                     |

\* (New border crossing scheduled for 3/99)

**Figure 12** (Source: U.S. Customs Service)

In addition to the fixed-site truck x-ray systems, the federal government is procuring mobile and transportable commercial conveyance imaging systems to support layered technology examination operations. These mobile imaging systems will be utilized at Southwest Border ports of entry to enhance commercial cargo environment enforcement operations at locations that do not have fixed-site systems. Additionally, these mobile systems will be utilized at the ports of entry indicated in Figure 12 to enhance and augment commercial cargo enforcement operations. Currently, one mobile truck x-ray system is in use in Laredo, Texas. A second, enhanced version is under construction and is scheduled to be delivered in the fall of 1997. In addition to mobile x-ray systems, a prototype transportable gamma imagery system designed for the examination of tankers is in use in El Paso, Texas.

The federal government is also in the process of installing a prototype passive potassium 40 portal detector that is scheduled to be tested at the Ysleta Port of Entry in El Paso, Texas, in January of 1998. This system was developed to detect nuclear materials but is also capable of detecting bulk shipments of marijuana.

In addition to developing and procuring various forms of non-intrusive inspection systems, the federal government is implementing a computer-based, advanced targeting technology through use of the Automated Targeting System (ATS) in Laredo, Texas.

The federal government employs a wide variety of smaller scale technology in conjunction with the large scale imaging systems indicated above. There are currently 17 stationary pallet x-ray systems for cargo in use on the Southwest Border. Customs Service officers utilize a wide variety of hand-operated technology to examine commercial conveyances including BUSTERS (density detection devices), fiber optic scopes (to examine tanks and confined areas/compartments), and laser range finders (LRF's) (used to determine the length of a conveyance to detect false walls and compartments).

In addition to the current and future non-intrusive technology advancements at Southwest Border ports of entry, the federal government is developing and testing particle and vapor detectors, bio-sensors, and higher energy x-ray systems for heavy cargo and sea containers, for use at Southwest Border ports of entry, as well as high-risk sea and air ports.

These multiple layers of technology and cargo examinations combined with the continued and increasing support of private land, sea, and air commercial carriers, and foreign and U.S.-based companies will greatly enhance the quality and intensity of future commercial cargo enforcement examinations.

- **INDUSTRY PARTNERSHIPS**

The federal government has engaged in partnerships with various industries that engage in international importation/exportation activities in an effort to enlist support from these industries in fighting the war on drugs. These Industry Partnerships fall into two categories:

- Business Anti-Smuggling Coalition (BASC)
- Carrier Initiative Programs (CIP)

**BASC**

The Business Anti-Smuggling Coalition (BASC) was developed in August of 1996. This coalition is a business-led, Customs supported alliance to combat the smuggling of narcotics in legitimate cargo through increased cargo security and drug awareness based on an industry generated system of "best practices." Prototypes are currently in place in San Diego, California, and Laredo, Texas. Approximately 80 trucking companies, importers, exporters, and brokers are currently participating in this program.

**LAND BORDER CARRIER INITIATIVE PROGRAM**

The Carrier Initiative Program was enacted in the 1980's as Customs' initial Industry Partnership with air and sea carriers in an effort to address drug smuggling via air and sea conveyances. Over the past three years alone, with assistance of sea and air carrier participants, this program has accounted for the domestic seizure or foreign carrier based interception of over 80,000 pounds of

narcotics. The Land Border Carrier Initiative Program (LBCIP) was developed in the spring of 1995 in an effort to extend the successes of the sea and air Carrier Initiative Programs to land border carriers operating along the Southwest border. This is a Customs-led program to address drug smuggling via commercial land carriers and land conveyances. This program provides background information on drivers and trucking companies moving cargo across the Southwest Border. Approximately 835 companies are approved and participating in this program and over 6,000 drivers have been certified by Customs (via background checks) to participate in the program. Customs is currently developing a Carrier Initiative Program for Southwest Border rail carriers.

Although BASC and the LBCIP are in the early stages of development they have already demonstrated a great deal of promise. This year these programs have provided information that led to the seizure of a total of over 4,300 pounds of narcotics. Included in this total is a single seizure of over 3,200 pounds of cocaine in a shipment arriving in the United States from South America.

- **MEXICAN COMMERCE CONTROL INITIATIVES**

The Government of Mexico (GOM) has also advised that it is instituting several commerce control programs focused on reducing the smuggling of illicit drugs in merchandise exported to the United States. These programs involve: (1) enhanced programs of cargo inspection at the principal Mexican departure ports; (2) cooperative, self-verification programs, similar to the BASC program discussed above, between the Government of Mexico and export business associations; and (3) the GOM is studying the employment of added cargo inspection technology at the principal exit and entry ports in Mexico. They have reported that these measures appear to be having some success in reducing the incidents of drug smuggling and anticipate greater success as these programs are more fully implemented.

- **TARGETING/INTELLIGENCE**

The single largest issue hampering the commercial conveyance and cargo examination process is the lack of useful tactical intelligence on drug smuggling in the Southwest Border commercial cargo environment. Despite all efforts put forth by the federal government on this issue, only a small number of last years 56 seizures in the Southwest Border commercial cargo environment were a result of intelligence that was generated by a non-U.S. Customs source.

The federal government is attempting to forge new or expand existing partnerships with Federal, State and local law enforcement agencies in an effort to provide timely tactical information to border law enforcement agencies.

There are currently seven multi-disciplined intelligence groups comprised of intelligence specialists, inspectors, agents, and analysts called Intelligence Collection Analysis Teams (ICAT's) along the Southwest Border. These units are located in:

- Brownsville, Texas
- Laredo, Texas
- Nogales, Arizona
- San Diego, California.
- McAllen, Texas
- El Paso, Texas
- Calexico, California

The mission of these ICAT units is to utilize Post-Seizure Analysis (PSA) information in order to link previous seizure activity to persons, businesses, and conveyances to produce real-time actionable intelligence on narcotics smuggling trends, patterns, and transportation/concealment methods along the Southwest Border. These units are supported by the National Operational Analysis Center (NOAC), a clearing center for information received from multiple law enforcement and intelligence agencies.

Since the inception of the ICAT concept in 1995, these units have shown great promise, by generating information leading to the seizure of over 15,000 pounds of narcotics in the commercial cargo environment. These units will continue to enhance the federal government's ability to target and interdict narcotics shipments in the future.

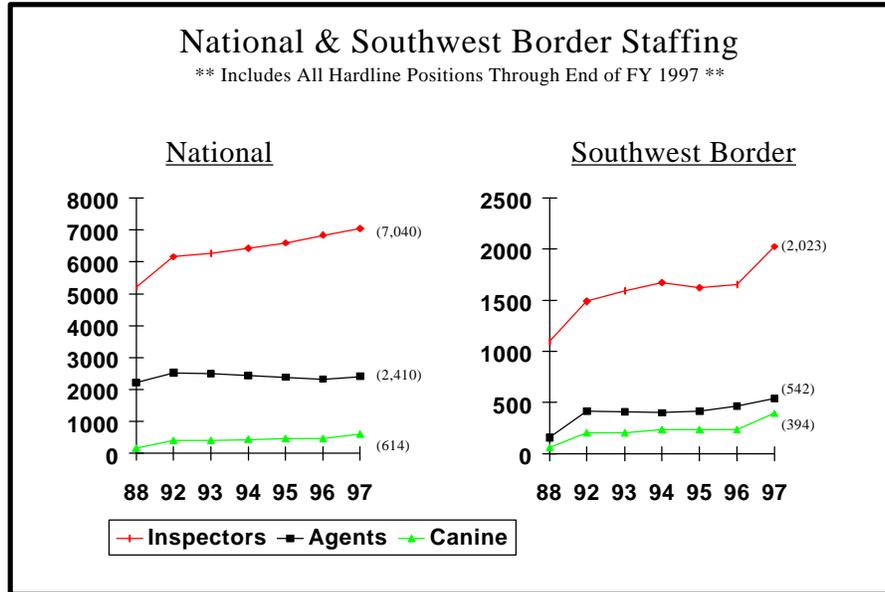
In addition to ICAT units, the federal government is also pursuing the aggressive use of the Purchase of Information (POI), Purchase of Evidence (POE), and reward programs in order to obtain information. These POI, POE, and reward programs generate valuable intelligence leads to successful narcotics enforcement actions.

Also, the federal government is testing the North American Trade Automation Prototype program (NATAP) in Laredo, Texas, and Detroit and Port Huron, Michigan. NATAP utilizes hi-tech electronic tagging and tracking transponders to provide advance, electronically transmitted, information on commercial cargo conveyances, shipments, companies and truck drivers. This prototype program, if successful, will enhance the federal government's narcotics enforcement targeting and intelligence capability.

- **SOUTHWEST BORDER STAFFING**

The federal government has increased the level of inspection staffing assigned to the Southwest Border ports of entry in order to address the increase in commercial conveyance traffic and the ever increasing narcotics threat. Since 1988, there has been an 87% increase in the number of Customs Service Inspectors and a more than 500% increase in the number of Canine Enforcement Officers assigned to Southwest Border ports of entry.

Through Operation HARD LINE, the Federal government has provided an additional 392 Inspectors and 156 Canine Enforcement Officers in Fiscal Year 1997. A large number of these officers have been earmarked for assignment in cargo operations to conduct narcotics enforcement examinations. Figure 13 indicates the level of Customs staffing at Southwest Border ports of entry from 1988 through 1997.



**Figure 13 Southwest Border staffing (Source: U.S. Customs Service)**

**SUMMARY**

Significantly enhancing cargo and conveyance examinations at ports of entry along the Southwest Border is achievable. This is not a new problem, but rather, one that the federal government has been actively pursuing for years from many directions, including enhancements in infrastructure, technology, and staffing. The fact of the matter is, as recent seizure data indicates, an increase in the number of commercial conveyance and cargo examinations produces an increase in the amount of narcotics seized in the Southwest Border commercial cargo environment. This year's influx of new enforcement positions solely dedicated to the examination of commercial conveyances and cargo will enhance the federal government's narcotics enforcement efforts. More examinations will be performed.

However, an important factor in the overall success of this program lies in improving not only the number of commercial conveyance and cargo examinations but also the quality of those examinations. This will be achieved through unpredictable and flexible comprehensive examinations utilizing advanced technology and intelligence information to interdict narcotics shipments that are becoming smaller and more deeply concealed in actual cargo shipments.

Transportation and other industries, as well as the socioeconomic issues that exist on both sides of the border, will continue to play vital roles in the issues associated with increasing cross-border trade and the associated narcotics smuggling threat. Working together with private industry, including carriers, importers, and exporters, on both sides of the Southwest Border, the United States is continuing to explore all available avenues to increase the level of compliance and decrease the level of narcotics smuggling.

Full implementation of the cargo enhancement program along the Southwest Border is still a number of years off. Further capital and infrastructure improvements, technological developments, and increased intelligence capabilities will continue to improve commercial cargo examinations and success. The federal government has embarked on this aggressive, persistent program to improve the complex examination process. The ground-work has been laid and results indicate that success is being achieved. A critical factor for continued success and improved efficiency will be sustained leadership and budgetary support from the current Administration and Congress.